

LATE NCAA RESULTS See SPORTS

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Reagan Raises the Possibility Of 2d Summit Meeting in '88 If Needed, For START Agreement

By Joseph Fitchett International Herald Tribune WASHINGTON — President Ronald Reagan has opened up the possibility of a second summit meeting this year between himself and Mikhail S. Gorbachev if it is needed to sign a strategic arms reduction, or START, agreement.



'We don't want anyone negotiating against a deadline because that way you can come up with a bad agreement.' President Reagan

In an interview Friday amid reports that a strategic arms reduction treaty will not be ready in time for the scheduled May summit in Moscow, Mr. Reagan said that he would consider another summit meeting. He answered, Oh, if to sign a treaty, yes, certainly.

The Reagan administration appeared to be positioning itself to assist mounting Soviet diplomatic pressure for the Geneva negotiations to be concluded in time for a treaty to be signed in May. "We don't want anyone negotiating against a deadline because that way you can come up with a bad agreement," Mr. Reagan said in the interview with the International Herald Tribune at the White House. He said that the Moscow summit meeting could enable the two leaders to achieve a breakthrough on the issues dividing the two sides.

compromises with the West, Mr. Reagan said. "Well, he's been successful so far. I don't know how far he can go. There's no question, but that his bureaucracy [includes] great elements that are opposed because they see their own fate involved in some of the things he's proposing." Mr. Gorbachev "actually is advocating some of the things that Lenin talked about that were not as restrictive and single-minded as Stalin was," Mr. Reagan said, adding that Lenin was ready to live with capitalism and even said "that the Communists could learn from it."

Satisfaction With Japan Over Defense

International Herald Tribune WASHINGTON — President Ronald Reagan does not believe that Japan should change its statutory limitations on military activity because, he said, that nation is already shouldering more security responsibilities.

"At the moment I don't think that is necessary," he said in an interview Friday with the International Herald Tribune. He added: "Under their own rules, they have increased their willingness to take on some of their own defense." Japanese policy is to limit defense spending to 1 percent of gross national product, which is growing rapidly.

Besides narrowly exceeding that ceiling in recent years, Japan has also increased compensation payments for U.S. forces stationed in Japan, contributed to joint military research with the United States and expanded its foreign-aid program to allies and developing nations. Mr. Reagan's approving comments about Japan highlighted his general satisfaction about the Pacific region, covering both his administration's achievements in the region and the overall outlook. In a single warning note, however, he said that U.S. air and naval bases in the Philippines have become more vital than ever.



An Israeli Soldier Is Shot to Death in Bethlehem An Israeli soldier, Moshe Katz, was slain by a gunman Sunday as he stood guard outside a civil administration office in Bethlehem. The 28-year-old soldier became the first Israeli killed during the current wave of the Palestinian unrest. Page 5.

In Ulster, Police Hunt Killers of Soldiers

By Francis X. Clines New York Times Service BELFAST — Amid denunciations of murder from parish pulpits, Northern Ireland braced Sunday for an expected security roundup of the funeral mob that killed two British soldiers on Saturday.

well-known, fiercely anti-British enclave. Some community residents contended the soldiers were members of the army's hated anti-terrorist undercover units, a charge the army denied. Others said that the two soldiers raced their car in apparent panic into the funeral cortege, and then drew a weapon while trying to break free, they were assumed to be intruders in league with the assassin who killed three mourners Wednesday in a grenade attack on an Irish Republican Army funeral.

The Roman Catholic clergy said the killings were murderous. They noted that mob leaders executed the men behind the wall of a nearby sports stadium, with the press kept away, after they had been identified as English soldiers. "We had foul and bloody murders committed in our parish yesterday," Father Tom Toner angrily

told his congregation Sunday at morning Mass in St. Agnes's church, only yards from where the killings took place. "Our parish is seen as dripping in the blood of the murdered," he said, "and one thinks of the mob baying for the blood of Jesus." The soldiers, identified as Corporal Derek Wood of Surrey and Corporal David Howes of Northampton, caused panic among mourners as they suddenly screamed to a halt near the hearse. They were leapt on by some of the armed and angry mourners who wielded tin irons, fists and boots against the car and its occupants. "It's the pealers!" a man in the crowd soon shouted, using Belfast slang for the security forces, and moving in once the escape path for the soldiers' car was blocked. Police were reported closely studying the ensuing pictures, which clearly show a number of angry men clambering over the soldiers' car and subduing one of the occupants as he waved his pistol. A single gunshot was heard as the mob moved in. The soldiers' bodies were found minutes later in a vacant lot near

Noriega Must Go, U.S. Says

Shultz, Increasing Pressure, Offers To Aid Overthrow

By Fred Farris International Herald Tribune WASHINGTON — Secretary of State George P. Shultz declared Sunday that General Manuel Antonio Noriega must leave Panama, "the sooner the better," and that the United States would help Panamanians overthrow him. After General Noriega rejected a U.S. demand that he give up power and go into exile, Mr. Shultz increased the pressure on him in statements in a television interview. "There is completely eroding support for him," Mr. Shultz said. "The civilians want him to leave." He added, "Increasingly the military is cracking open and making it clear that they want him to leave." "What he has to do is leave," Mr. Shultz said, "and he should settle it quickly before the opportunity that's there before him to go to Spain should disappear."

A communiqué issued Saturday in Panama City after talks between General Noriega and two U.S. representatives seemed to dim prospects for a negotiated solution. The Panamanian military leader, who has been indicted by two U.S. grand juries on charges of drug trafficking and racketeering, insists he will remain in Panama, but U.S. officials are said to believe that he cannot cling to power for more than a few days. Asked whether the United States was prepared to drop the indictments and allow General Noriega some say in the government transition, as he is reported to want, Mr. Shultz said bluntly: "He can't expect any indictments to be quashed. That's out of the question. And he can't expect to have any say in the transition." He accused the general of seeking "to provide an illegal transition through a virtual coup by the unconstitutional and phony process in which he tried to displace the legitimate president of Panama."

Klosk

Egypt Extends Emergency

The Associated Press CAIRO — The Egyptian legislature approved on Sunday a three-year extension of emergency laws that the government said were needed to combat Moslem fundamentalists and terrorist threats. In an evening session, a committee headed by the leader of the People's Assembly approved the extension of the emergency laws, which have been in effect since President Anwar Sadat was assassinated in October 1981 by Moslem fundamentalists. In April 1986, the assembly approved a similar government request for a two-year extension.

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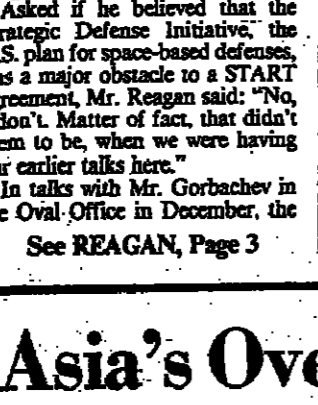
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MAKING THE GRADE — A Japanese high school graduate being tossed Sunday by well-wishing friends after passing the highly competitive entrance examinations for Tokyo University, Japan's most prestigious institute of higher learning. The student was among 3,684 who passed.

Asia's Overseas Chinese: Often a Distrusted Elite

By Keith B. Richburg Washington Post Service MANILA — They are known as the overseas Chinese, descendants of poor migrants who came from the Chinese mainland more than a century ago to work as retail traders or laborers building the bridges and railroads in the former British, Dutch and American colonies throughout Southeast Asia. Today, they are the region's wealthiest and most powerful business tycoons, with many of their once-small and tightly knit family businesses ranking among the world's largest corporate conglomerates. For their perceived economic clout and business acumen and the discrimination they have suffered from indigenous populations, the Chinese of this region have been described, sometimes derisively, as "the Jews of Asia" in numerous Asian writings comparing them to the Jews of old Europe.

"The term came partly because of the discrimination against us and partly because of our success in business," explained Teresita Ang See, a Filipino-Chinese professor in Manila. Despite their small numbers, ethnic Chinese are estimated to control more than 40 percent of the corporate economy in the Philippines. They own half the private assets in Indonesia, and they account for the bulk of private economic activity in Malaysia, despite discriminatory laws aimed at limiting their clout. Even in fiercely nationalist Thailand, most of the corporate economy is controlled by large, family-based Chinese-Thai groups. With closely woven connections of friendship and kinship, overseas Chinese from the Philippines to Indonesia to Vietnam have fueled their business expansion through their easy access to capital from the region's powerful Chinese-owned banks of Hong Kong and Taiwan. Various governments have pointed to these outside financial connections in accusing the overseas Chinese of virtually

controlling the black market rate of local currencies. In Ho Chi Minh City last year, Nguyen Xuan Oanh, a Western-educated government economist, blamed the country's unfavorable exchange rate "on currency speculation, and most of it is centered in Chinatown." In the Philippine newspaper Malaya, one columnist, Jake Macasiet, regularly accuses the Chinese of "black marketing" and currency speculation to erode the value of the peso. The economic power of the ethnic Chinese — part real and part exaggerated — has often generated resentment from native populations. This has led to anti-Chinese riots, laws barring Chinese from certain professions and measures aimed at forcing their assimilation by wiping out their culture. Governments have restricted the use of the Chinese language, closed Chinese-run schools and, in Malaysia, banned the traditional Chinese "dragon dance."

The overseas Chinese also have been viewed with suspicion as a "fifth column" of the Communist government in Beijing, particularly in the staunchly anti-communist governments of Southeast Asia, which in the 1960s and 1970s were battling communist insurgencies backed by China. In Malaysia, Thailand and Indonesia, the communist insurgencies were, for the most part, spearheaded by ethnic Chinese. In Vietnam, China, on the northern border, remains the principal security concern, and officials in Hanoi have used the ethnic Chinese as pawns in their political confrontation with Beijing. The vast majority of the "boat people" who fled Vietnam in the late 1970s and early 1980s were ethnic Chinese from Cholon, the Chinatown of Ho Chi Minh City, formerly Saigon. Many of them were encouraged by the government to leave. Questions about the loyalty and patriotism of overseas Chinese have led to laws in almost every Southeast Asian country either restricting their right to become citizens.

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Michigan: Democrats Muddle

Jackson Has Least to Lose

By Edward Walsh Washington Post Service DETROIT — It is now up to Michigan Democrats to begin to sort out the muddled race for their party's presidential nomination. This time, some progress in that direction may be made. However, the Reverend Jesse L. Jackson, who is running at or near the front of the pack in state public opinion polls, appears to have the least to lose in next Saturday's Democratic caucuses in Michigan.



Governor Michael S. Dukakis looking for votes in Michigan.

For the rest of the field — Governor Michael S. Dukakis of Massachusetts, Representative Richard A. Gephardt, and Senators Albert Gore Jr. and Paul Simon — the state of Michigan, with its 138 delegates, could continue the "winnowing process," that has seen some candidates fall by the wayside or become increasingly insignificant. Michigan is the first of two big Democratic prizes this month, fol-

Bush Faces A Paradox

By Gerald M. Boyd New York Times Service WASHINGTON — Vice President George Bush's large accumulation of delegates may present him with a paradox: a quick lockout of the Republican nomination could potentially harm his general-election bid in November. The opportunities for Mr. Bush's success, his aides say, are many. They say he can fine-tune his message, unite the party and control the political landscape far better than whoever wins the Democratic nomination after the protracted battle being fought among that party's hopefuls.

On Monday, Mr. Bush was to travel to New Jersey to receive the long-sought endorsement of Governor Thomas H. Kean — a positive outgrowth of the vice president's current success, Bush aides believe. But success in the primaries brings risks, too. Some political strategists fear that Mr. Bush will virtually disappear from the public eye once the nomination is his. Others talk of complacency or potential distractions that will prevent him from getting out his message. "It's one of those classic good news, bad news situations," said Eddie Mabe, a Republican political consultant. "The good news is that he knows he is the nominee now; the bad news is he becomes invisible for five months with Democrats beating on Bush." David Garth, a Democratic consultant, said that Mr. Bush's likely early win would normally be a plus. But Mr. Bush is in an unusual situation, he argues. Without a Republican contest to write about, journalists are likely to focus on the one issue that has plagued Mr. Bush and that some believe has unanswered questions — his role in the Iran-contra affair. Mr. Garth said that such a predicament is even more possible with the indictments this week of four of the leading players in the secret scheme. Mr. Bush has said

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New NATO Chief Says Arms Can Be Cut if Strategy Is Intact

Manfred Wörner, 53, West Germany's minister of defense since the center-right Christian Democrats took office in 1982, will become secretary-general of the North Atlantic Treaty Organization in July. He talked to Joseph Fichtel of the International Herald Tribune about the outlook for the alliance.

Q. Did the NATO summit meeting in Brussels evade problems in the alliance?

A. The alliance is in good shape; we are on a safe track. The summit was a success because leaders stressed the two essential aspects for the alliance: political solidarity and military strength and, on that basis, the search for dialogue and cooperation, including arms control. The alliance agreed to actively continue further development of a comprehensive concept for security, disarmament and arms control. Leaders made clear that it is not the armaments that create tensions, but it is the political

problems that still make armed forces necessary.

Q. Will Europe be affected by a strategic arms reduction treaty?

A. My government and I favor a 50 percent cut in strategic nuclear arms. But

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since the U.S. strategic arsenal is the backbone of NATO's posture on deterrence, the United States must retain sufficient strategic options to implement NATO strategy, and the Soviet Union must give up its superiority in some of its nuclear options. I fully support the U.S. negotiating approach.

Q. You are known to think that the United States must resist Soviet proposals for cutting the number of U.S. sea-launched nuclear cruise missiles, many of which are assigned to the defense of Europe.

A. The superpowers have agreed not to count these missiles in the overall ceiling

of 6,000 warheads, but they are generally willing to include them somehow in the overall agreement.

Q. Is NATO concentrating on nuclear modernization at the expense of conventional arms?

A. NATO, as the summit showed, is willing to maintain adequate forces. The triad of conventional weapons, tactical and strategic nuclear arms, has proven the right way, and we have to stick to it. There is no alternative to some nuclear arms. By the way, modernizing weapons is a continuous process in all armed forces, there is nothing sensational in it. For example, the process of improving nuclear artillery shells in NATO is well under way.

Q. Do you believe West Germany has been "singulized" in terms of nuclear risk, that is, singled out as a Western nuclear spearhead?

A. I personally don't see any danger of singulization. The contrary is true. De-

bate on singulization misses the reality, the fact that 400,000 allied soldiers are stationed on our soil. Of course, geography cannot be changed, and my country is a frontline state, with the division of the German nation into two states. So this is a unique situation. But our allies understand this. West Germany has an 80 percent consensus, according to opinion polls over many years, that peace in freedom can only be preserved by our membership in NATO and by the presence of allied troops. There is not the slightest indication for speculation that the Federal Republic might be on its way to neutralization.

Q. Does West Germany want a European pillar in NATO built on the Western European Union, the seven-nation organization that focuses on military cooperation?

A. Europe must be strong for the alliance to be strong. As long as we Europeans are cooperating within NATO—and

not to the side of it—we consolidate our common house. WEU is an appropriate forum, and we are satisfied with its development and with the fact that our North American partners support it.

Q. Should European nations cooperate more on arms development?

A. NATO countries are improving cooperation where and when possible. The European Fighter Aircraft is the encouraging next step in this path. We exclude no NATO country from taking part in it that wants to take part.

Q. What is the significance of a West German being named for the first time to head NATO?

A. The nomination indicates that the Federal Republic has become a European member of NATO like any other. It's an honor for me personally and for my country. One has to keep in mind that the secretary-general has a supranational function. I'm looking forward to doing the job.

West Germany's Social Democrats Edge Toward the Political Center

By Robert McCartney
Washington Post Service

BONN — The Social Democratic Party, a year after its second straight national election defeat, left it divided internally and uncertain about its future direction, has edged toward the political center in hope of regaining power in the early 1990s.

Its chairman, Hans-Jochen Vogel, has strengthened discipline in the left-of-center party, forcing its factions to curb their squabbling and present a united front to the public.

Under Mr. Vogel, the party also has set aside thoughts of seeking a coalition with the Green Party, the pacifist and environmentalist organization. The Social Democrats have concluded that the Greens are too divided to be good partners, and that West German voters are too conservative to endorse such a leftist coalition.

Instead, the Social Democrats are hoping eventually to break up the governing center-right coalition by wooing away the middle-of-the-road Free Democratic Party, according to party officials and other analysts.

They said there also was a small chance that the Social Democrats might seek a "grand coalition" with Chancellor Helmut Kohl's Christian Democratic Union.

As a result, the Social Democrats now are looking to build support in the political center, particularly on economic and social issues, where West German elections normally are decided. The shift began about a year ago, when Mr. Vogel was selected as chairman to replace Willy Brandt.

"Vogel wants to present an image of a very responsible party, and to show that there's no loony fringe on the left anymore," a party theorist said.

In the clearest sign yet of the new approach, the party's best-known leftist firebrand, Oskar Lafontaine, stunned the nation this month by endorsing a surprisingly moderate proposal for reducing unemployment.

Mr. Lafontaine, who is premier of the state of Saarland and a deputy chairman of the national party, proposed that unions should accept cuts in pay if they obtained the cuts in working hours that they have sought for years. The money saved in such a program could be used to hire the jobless, he said.

Similar proposals have been

Kohl's Party Keeps Majority In State Vote

Reuters

BONN — Chancellor Helmut Kohl's Christian Democratic Union retained a majority in Baden-Württemberg state elections Sunday as extreme rightists gained at the expense of major parties.

The main issue in the campaign was Mr. Kohl's leadership style. The chancellor said Sunday he was proud that the state premier, Lothar Späth, had defended the party's majority despite unfavorable opinion polls.

Provisional results gave the Christian Democrats 49.1 percent of the vote. Under state electoral rules they needed 48 percent for a majority to control the state parliament. In the last state election, in 1984, they won 51.9 percent.

Three far-right groups won a total of 5.1 percent, compared with 0.5 percent in 1984. None attained the 5 percent minimum needed for a seat in the state parliament. Mr. Kohl, who said cuts in agricultural subsidies had cost his party farm votes, dismissed the far right's gains, saying they were less than extremist votes in other European countries.

The Social Democrats won 32 percent and the Free Democrats 5.9 percent, both less than in 1984. The Greens took 7.9 percent, slightly lower than in 1984.

made before, but always by employers' groups and by the Social Democrats' political rivals to the right.

Mr. Lafontaine's proposal outraged many labor leaders. Franz Steinke, the leader of the metalworkers' union IG Metall, called it a "stab in the back."

Seeking to calm the waters, Mr. Vogel arranged for the party executive committee to endorse a watered-down version of Mr. Lafontaine's proposal. But the initiative was widely viewed as a political masterstroke.



Tiran Grevorkyan, right, an Armenian Apostolic Church envoy, spoke Sunday with Armenian supporters in Moscow. Azerbaijani activists, meanwhile, are reportedly preparing for more protests.

Azerbaijanis Prepare for Protests If Kremlin Ruling Favors Armenia

By Gary Lee
Washington Post Service

MOSCOW — Ethnic tensions in the Azerbaijan capital of Baku are simmering anew, and activists there are preparing for another round of protests in the flare-up with Armenia, Azerbaijanis' dissenting sources said here Sunday.

Azerbaijanis are expecting the Soviet leadership by the end of this week to concede to Armenian demands that the disputed autonomous region of Nagorno-Karabakh be annexed from Azerbaijan and united with Armenia, according to one of the sources, who has just returned to Moscow after a four-day fact-finding mission to Baku.

The sources said that Azerbaijanis are planning to stage a major demonstration in Baku on March 26, the date the Soviet leadership is expected to rule on the issue, if a decision is made in favor of Armenia. Already, hundreds of Azerbaijanis are gathering in Baku and some are stockpiling weapons to be used in the protest, a source said.

Some Armenian dissidents have also threatened to call another mass rally in the Armenian capital of Yerevan on March 26 if the Kremlin rejects their appeal for unification with Nagorno-Karabakh, which is more than 75 percent Armenian even though it is part of the republic of Azerbaijan.

However, the organizers of last month's protest in Yerevan are divided over whether to support another protest or to allow the Soviet leadership more time to resolve the issue. The original protest continued for a week and drew well over a million demonstrators before it was eventually called off on Feb. 29 after Mikhail S. Gorbachev, the Soviet leader, met with

two Armenian activists and promised to review the situation.

Mr. Gorbachev, who has just returned to the Soviet capital from a five-day trip to Yugoslavia, recently said that the issue of Nagorno-Karabakh must eventually be decided directly by Azerbaijanis and Armenians.

In Baku, Soviet authorities have deployed a heavy contingent of armed militia and internal troops to keep ethnic tensions from boiling over there, the Azerbaijani sources said. The troops are especially visible in policing the Azerbaijani capital at night, the sources said.

In Yerevan, the situation is tense in anticipation of a party decision on Nagorno-Karabakh, according to Armenian activists reached by telephone there.

In the Nagorno-Karabakh capital of Stepanakert, Armenians are continuing a street protest for their unification with Armenia, Armenian sources said. On Thursday, local party officials rejected a third Kremlin appeal for them to stop the demonstration and instead voted for unification.

In Moscow, a Politburo member, Yegor K. Ligachev, and other Kremlin officials met Friday with Armenian and Azerbaijani activists from the region, according to the official Soviet media. Mr. Gorbachev has proposed holding a plenary meeting of the Soviet Central Committee on the question of ethnic unrest and several unofficial sources have said that the session could take place as early as March 28.

In separate interviews on Sunday, two Azerbaijani sources gave their version of the bitter feud with Armenia in an apparently concerted effort to combat the flurry of

press conferences and interviews. Armenians have been holding with Moscow-based Western journalists since the dispute first broke out over a month ago. Both sides asked not to be identified.

The sources said that Azerbaijani activists have countered Armenian claims for Nagorno-Karabakh with a list of their own demands, including one that all Armenians now living in Nagorno-Karabakh be deported to Armenia.

The sources also gave the first Azerbaijani account of the riots in Sumgait, in which Azerbaijanis killed at least 34 Armenians and wounded hundreds of others.

The protests in Azerbaijan began Feb. 24, when several thousand students from Bakinsky University and several other institutions in Baku gathered in the central square to protest the Armenian claim for Nagorno-Karabakh, the sources said.

A group of some 30 Azerbaijani youths who had arrived from the Armenian city of Ganak told the Baku demonstration that Armenians in Ganak had beaten and raped Azerbaijani women as part of their massive protest, the sources said.

The youths went to Sumgait and started a protest there on Feb. 27, the sources said. They repeated stories of atrocities that Armenians allegedly committed against Azerbaijanis.

Armenians have denied that any violence took place in connection with their protests, and the official Soviet media reported none.

The demonstrations in Sumgait nevertheless grew from 500 on Feb. 27 to 2,500 on Feb. 28 and turned into a riot by the end of that day, the sources said.

WORLD BRIEFS

Philby Says British Backed Defection

LONDON (Reuters) — Kim Philby, the double agent who spied for the Soviet Union and was whisked to Moscow in 1951, says his British intelligence bosses connived at his defection to avoid embarrassment. "The last thing that the British government wanted was me in a security scandal and a sensational trial," he told The Sunday Times in an interview at his Moscow apartment.

Mr. Philby, 76, said he was dismissed in 1951 when his loyalties came under suspicion but was taken on again by Britain's intelligence agency five years later and went on working until his flight to Moscow. The newspaper suggests that Britain's counterespionage service was to stop the U.S. Central Intelligence Agency from finding out.

PLO Legal Moves Expected at UN

UNITED NATIONS, New York (Reuters) — The Palestine Liberation Organization, which is under U.S. orders to shut its UN mission Monday, hopes to delay the closure through legal maneuvers, an A official said Sunday.

Clovis Maksoud, the representative of the Arab League at the UN Nations, said lawyers for the PLO would probably ask for U.S. federal court jurisdiction in the dispute, which Mr. Maksoud said might win a day suspension of the closure.

An injunction could then be sought to further stay enforcement of 1987 Anti-Terrorism Act, under which the U.S. Justice Department directed to close the mission by March 21. Ramsey Clark, a former U.S. attorney general, is advising the PLO, Mr. Maksoud said. The UN Assembly was to resume emergency debate on the question Monday.

Zhao Calls for More Party Openness

BEIJING (WP) — The Chinese Communist Party chief, Zhao Ziyang, has called for greater openness in the country's still largely secretive party and government, the official news agency Xinhua said Sunday.

"We must speak the truth to the whole people about major incidents concerning social stability," Mr. Zhao said during a five-day meeting of the Communist Party Central Committee. "There should be no promises and no impossible targets set."

Mitterrand to Announce This Week

PARIS (AFP) — President François Mitterrand will announce next week whether he intends to seek a second seven-year term in the 1995 presidential elections, he said Sunday.

It is regarded as a virtual certainty that Mr. Mitterrand will enter race, and the delay in his announcement has infuriated his opponents tantamounted the country. The first round of voting is April 24, with a runoff May 8 between the two top contenders.

In a videotaped message shown at a rally of 10,000 Socialist Party supporters, Mr. Mitterrand noted that the "deadlines set by the constitution approach." Presidential hopefuls must declare their candidacy at least a month before the first round of voting.

Salvador Votes Amid Rebel Action

SAN SALVADOR (Reuters) — Sabotage and threats by leftist guerrillas left most of El Salvador without electricity and kept private traffic on the roads Sunday during national legislative elections.

People went to polling stations on foot and in army trucks, government buses and transportation arranged by political parties after guerrillas warned that any private cars and public buses on the road would be attacked.

In San Salvador, soldiers patrolled the streets, armored cars stationed at corners and helicopters kept watch from above. The 1,000-man National Liberation Front, the main guerrilla grouping vowed to disrupt what it called "the electoral farce."

U.S. Customs Expands Drug Battle

WASHINGTON (Reuters) — New guidelines that allow the IRS anyone entering the United States with even tiny amounts of illegal drugs into effect Monday, according to the U.S. Customs Service spokesman, William von Raab.

Mr. von Raab said that all cases would be prosecuted and passports and other travel documents belonging to suspects would be held as evidence.

Previously, travelers caught with very small amounts of drugs sometimes fined and released, and heavy court backlogs prevented cases from being prosecuted.

Hawke Stronghold Falls in Australia

SYDNEY (Reuters) — The governing Labor Party in Australia suffered a humiliating election defeat, losing control of its power to New South Wales to a conservative coalition after 12 years.

The state election, the first since Prime Minister Bob Hawke's third term last year, had been seen as a major test for his Labor Party. With counting completed in races for all but 19 seats in the 109-member state parliament, the Liberal Party had won 55, the Labor Party 54 and the National Party five, election officials reported.

TRAVEL UPDATE

Ferry Strikes Clogging Channel Port

LONDON (AFP) — Port authorities in Dover, England, said Saturday that congestion caused by ferry strikes in the English Channel port decreased, but they warned that the situation could worsen if the strikes by French and British seamen continued.

About 400 trucks waiting for a ferry to France were blocked in the Sunday; some had been there as long as 48 hours. About 60 cars several buses also were waiting, some for up to 12 hours. Only one was operating between Dover and the French port of Calais, but traffic from Dover to Belgium was normal.

The Sealink ferry operator, hit by the French seamen's strike, suspended its service between Newhaven and Dieppe, but maintained its Dover-to-Boulogne service. Hovercraft traffic was normal. Dover has been largely paralyzed since Thursday by the French strike and strike involving British seamen of P&O European Ferries.

Air France is to begin serving six more cities — Alexandria, Ezzur, Turkey; Salonika, Greece; Seville and Valencia, Spain; and Pisa, Italy — during the next few weeks, the airline said Saturday.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because national and religious holidays:

- MONDAY: Colombia, Iran, Iraq, Japan, Lesotho, Mexico.
- TUESDAY: Puerto Rico.
- WEDNESDAY: New Zealand, Pakistan.
- FRIDAY: Cyprus, Greece, Nepal, San Marino.
- SATURDAY: Bangladesh.
- SUNDAY: Burma, Djibouti.

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Experts Discount Mind Risk From Dormant AIDS Virus

By Paul Lewis
New York Times Service

GENEVA — An international conference of medical experts announced Friday that it had found no evidence that people infected with the AIDS virus were likely to suffer mental disturbances from suffering from the disease itself.

The conference said there was no medical justification for companies to screen employees to see whether they were carrying the AIDS virus in order to guard against possible incidents of mental disorder while the virus remained dormant in their bodies.

Some studies have found that neurological abnormalities are sometimes an initial disease symptom of infection with the AIDS virus. But the conference issued a statement saying that screening for AIDS infection was "not a useful strategy" for discovering potential

mental disorders in otherwise healthy people.

Officials with the World Health Organization said the conference findings were important because a number of organizations and businesses, including airlines, had begun screening employees to learn whether they were infected with the AIDS virus because they feared this could impair their mental stability.

Several airlines are reportedly checking to see if their employees are infected by the virus, apparently because of concerns that they could endanger airline safety.

■ **First Saudi Arabia Cases**
Saudi Arabia reported on Thursday its first AIDS cases, saying seven of the 18 persons who had contracted the virus had died. Reuters reported from Riyadh.

Crimean Tatars Are Arrested in Soviet Protests

Agence France-Press

MOSCOW — The Soviet police detained 20 Crimean Tatars, who are seeking to return to their homeland, during a demonstration Sunday by 1,000 people in the republic of Uzbekistan and at a smaller protest in Moscow.

Eighteen Tatars were taken away by police after a brief demonstration beside the Kremlin. In the Uzbekistan town of Bekabad, the police detained two Tatars, according to a Tatar spokesman.

The Soviet authorities formed a commission in July to investigate the Tatars' grievances following a demonstration in Red Square.

The commission has offered the Tatars the possibility of settling legally in the Crimea, where some have returned without official permission. But Tatar representatives say the measure would only apply to a small number.

Hundreds of thousands of Crimean Tatars were deported to Siberia from the Crimea in 1944.

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Arabic calligraphy at the bottom of the page.

Nicaragua Talks Set To Begin

Contras to Come, Sandinists Say

MANAGUA — The first direct peace talks inside Nicaragua will take place as scheduled Monday despite the presence of U.S. troops in Honduras, Nicaraguan officials said Sunday.

The government said the U.S.-backed Nicaraguan rebels had confirmed that they would attend the talks at the southern border post of Apod despite an offensive last week by Sandinist forces. Nicaraguan forces overran rebel bases on the northern Honduran border, prompting Washington to dispatch U.S. troops on Wednesday.

"This war can go on for 20 to 25 years more but we don't want to arm Central America into the Middle East," said Deputy Foreign Minister Victor Hugo Tinoco.

"We want a cease-fire and the demilitarization of the contras into peace," he added, referring to the rebels, who are known as contras.

U.S. officials termed the Sandinist offensive a serious threat to the contras, who are based in the United States and Honduras. Sandinists wanted the presence of U.S. troops in Honduras, raising regional tensions, could jeopardize the talks, to be held for the first time in Nicaragua.

The Sandinist government appeared to have hoped that its offensive would give military teeth to its bargaining position in the talks, in particular its insistence that the negotiations be limited to discussing technical aspects of a truce.

The Sandinists, meanwhile, were planning a rally Sunday night to show political strength on the eve of the negotiations.

Nicaragua has appointed Defense Minister Humberto Ortega Saavedra, the brother of President Daniel Ortega Saavedra, as its chief representative in the talks. He is expected to meet Adolfo Calero, a leader of the Nicaraguan Resistance, the rebel umbrella group.

In previous rounds of negotiations, the contras have demanded a wide range of political and military reforms before agreeing to lay down their arms.

U.S. aid, on which the rebels have depended heavily in seven years of war, was cut off in February after Congress rejected two different aid proposals.

A regional peace agreement for ending conflicts in Central America bans outside aid for guerrilla fighters.

The White House accused Nicaragua of taking advantage of the aid cut-off by trying to crush the rebels in the offensive last week, during which Sandinist troops were reported to have crossed into Honduras to strike at rebel camps and supply lines.

Sandinist military officials deny that the offensive, which they said pushed a large contra force over the border into Honduras, was linked to the aid cut-off.

The Defense Ministry said it had called off its offensive on Wednesday.

May Summit REAGAN: Possibility Is Raised of a 2d 1988 Summit Debated in Washington

Compiled by Our Staff From Dispatches

WASHINGTON — Soviet Foreign Minister Eduard A. Shevardnadze arrived Sunday for three days of talks with Reagan administration officials.

The visit may produce a date for the next superpower summit meeting — speculation centers on late May in Moscow — and some progress toward a treaty to sharply reduce the number of U.S. and Soviet long-range nuclear weapons.

The treaty is the projected centerpiece for President Ronald Reagan's fourth meeting with the Soviet leader, Mikhail S. Gorbachev, but negotiations in Geneva have proceeded slowly.

"It's by no means in the bag," Secretary of State George P. Shultz said Sunday of the accord that would reduce by 50 percent to 50 percent the overall numbers of U.S. and Soviet long-range bombers, missiles and submarines.

"It's possible, but we are not going to try to have one just for the sake of a treaty," Mr. Shultz said on television. "We'll only be willing to go forward, the president will, if it's something we regard as good."

Alexander A. Bessmertnykh, a deputy foreign minister, told the Soviet news agency Tass on Saturday that Moscow was disappointed in the slow progress of the talks in Geneva.

But, he added, "we continue to believe that it is possible to work out the treaty by the time President Reagan comes to Moscow and that it will be signed by the summit meeting."

Despite Mr. Bessmertnykh's optimistic tone, he also said that Moscow is disappointed at the stand taken by U.S. negotiators on the 1972 Anti-Ballistic Missile Treaty. (AP, WFP)

(Continued from Page 1)

two leaders reportedly reached a private understanding on how to skirt their differences on SDI.

While "hopeful" that a START accord could be ready soon, Mr. Reagan said that "a time limitation" was emerging because, he said, "the START treaty is turning out to be much more complicated than the INF Treaty" that was signed in December and will scrap both superpowers' missiles with ranges of between 3,000 and 300 miles.

A senior White House aide said that because the INF Treaty will physically eliminate a category of missiles, it posed simple problems in verification compared to START, which involves mobile missiles and sea-based missiles that probably will not be entirely banned. The aide added, "INF was like building the little house on the prairie, and START is like building the Empire State Building."

Mr. Reagan confined his comments about disarmament to the talks on cutting intercontinental missiles, even when he brought up NATO, where arms control was much on Western leaders' minds at their summit meeting in Brussels last month.

Mr. Reagan apparently sees little prospect of significant progress in other arms control talks during the rest of his term, according to remarks by the senior White House aide, who spoke on condition that he not be named.

"We want to pursue talks steadily," the aide said, "and we certainly ought to try making a start on conventional forces in Europe this year. But chemical weapons, there our intelligence reports say that verification is just impossible. And no NATO commander who is just losing the INF missiles wants to lose any more cover, so there's no way to discuss short-range nuclear weapons."

Some Europeans have repeatedly voiced doubts about Mr. Reagan's interest in arms control, but Mr. Reagan complained, with a wry expression, that he often failed to get credit for originating successful disarmament proposals.

Asked about recent West German opinion polls that showed him as less trusted than Mr. Gorbachev, Mr. Reagan blamed Soviet propaganda, which he said "has tried to portray us as a war-maker." Western Europe has been the target of a Soviet "disinformation network for many, many years — long before him."

Mr. Gorbachev has won popularity, Mr. Reagan acknowledged, because "he's been outspoken now in his desire for reduced armaments."

Mr. Reagan said that Mr. Gorbachev apparently had abandoned the goal of a communist world. "I have to say that he, unlike previous leaders, has never made that statement, as all of the others did, in a pledge to the Communist Congress, that this was their goal."

Asked whether U.S. allies in Europe tended to overestimate their ability to moderate Soviet behavior by aiding Mr. Gorbachev, Mr. Reagan said that the United States had adopted "the right approach" by emphasizing military and economic strength in parallel to negotiating agreements.

Faced with this pressure, he said, Mr. Gorbachev saw "an advantage to his own country" in agreeing to arms cuts.

But Mr. Reagan sounded favorable, for example, to expanded U.S. trade with the Soviet Union, stipulating simply that high technology should be restricted as long as the Soviet Union uses it for military purposes.

On Afghanistan, Mr. Reagan adopted a new policy formulation on U.S. military aid to anti-government forces: The United States will not leave the mujahidin worse off militarily than the troops of the Kabul government.

Soviet leaders expressed irritated surprise this month when the United States insisted that it would not cut military aid to the Afghan rebels prior to a Soviet withdrawal.

A White House official said that "they should have been listening to us for the last two months," indicating that Mr. Reagan had started insisting then on a tougher U.S. line than the terms being floated by the State Department in its efforts to induce the Soviet Union to leave Afghanistan.

Report Questions U.S. Missile Plan

WASHINGTON — A Pentagon plan to deploy nuclear missiles by train in times of crisis might generate the same kinds of public protests provoked by the introduction of U.S. cruise missiles in Western Europe, a congressional report said Sunday.

The report released by Les Aspin, Democrat of Wisconsin and head of the House Armed Services Committee, noted that some local governments had declared "nuclear-free zones."

It said some communities might object to the plan, under which 50 MX missiles on 25 trains parked in shelters on air force bases would be mingled with ordinary rail traffic in an attempt to hide them from Soviet surveillance.

International Stock Markets in Brief: U.S. Markets Mixed, Foreign Markets Mixed.

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Reagan Warns of 'Bloc' On the Doorstep of U.S.

International Herald Tribune

WASHINGTON — A series of domino-style Communist takeovers in Central America would confront the United States with a hostile bloc on its doorstep resembling Western Europe's confrontation with Soviet-controlled Eastern Europe, President Ronald Reagan suggested in an interview Friday with the International Herald Tribune.

"This is their goal," he said, citing a perhaps-apocryphal Lenin prophecy to prove it. Lenin, Mr. Reagan said, predicted "that the final battles would come in Latin America and then, as he put it, once they had seized that, they wouldn't have to take the United States... It would fall into their outstretched hands like overripe fruit."

Several administration officials said that they suspected the Lenin quotation was apocryphal, but that Mr. Reagan often used it privately to underscore his own strong convictions.

Asked if an anti-U.S. threat might conceivably develop in Central America to an extent that would require U.S. forces to be redirected there from Western Europe, Mr. Reagan said: "Well, yes, there are situations in which this could happen."

The issue of Central America, and particularly that of Nicaragua's ruling Sandinists, provoked Mr. Reagan to depart from the equanimity he displayed during most of the interview. He accused the press and the U.S. Congress of ignoring the administration's evidence about the seriousness of the threat south of the U.S. border.

Asked whether he thought that Mr. Gorbachev had abandoned any ambition of establishing Soviet hegemony over Central America, Mr. Reagan said: "What he may believe, I don't know." But he repeatedly left open the possibility that Mr. Gorbachev might repudiate what Mr. Reagan described as a long-term Soviet strategy of establishing bases in Central America, with help from Cuba, Libya and Nicaragua.

No comparable ambivalence could be detected in his attitude toward the Sandinists. "It's been plain to us from the beginning, and even from beyond the beginning, that the Sandinistas are not going to give up their totalitarian rule in any kind of agreement," Mr. Reagan said.

In ordering U.S. troops to Honduras, he said, he wanted "to show that we are staying with agreements that we've made about support for

our neighbors and friends down there." He added that "it also shows what we have been trying to tell some in our own Congress about this situation."

"You have to remember that the Sandinistas have publicly and repeatedly stated that this revolution of theirs is not going to stop at their border, that they're going to spread revolution," Mr. Reagan said.

— JOSEPH FITCHETT

Short Takes

The fast-food boom is slowing down, while becoming so overcrowded that McDonald's is the only big company still increasing sales. The New York Times reports, McDonald's now sells more than a quarter of all fast food. The 130,000 fast-food outlets in the United States sold \$5.7 billion worth of hamburgers, pizzas, fried chicken and other quick snacks and sales last year. Although the figure is expected to climb to more than \$60 billion this year, double-digit annual increases are a thing of the past. "There are just too many restaurants chasing too few consumers," says Joseph J. Doyle, an analyst with Smith Barney, the Wall Street investment house.

A national debate is growing over what to do with valuable real estate being sold by railroads because they no longer need it for tracks. The 300,000 miles of track once owned by U.S. railroads have been halved in recent decades. Some of the unused right-of-way is used for public trails, but much of it is being sold to developers. More than 130 million acres of public land was given to railroads as construction incentives from 1850 to 1870, and trail enthusiasts say the railroads owe the public something in return. The railroads say they have long since repaid the country for the land grants, in the form of subsidized mail and military travel, and the development of the West that the land grants made possible. Frank Wilner, spokes-

man for the Association of American Railroads, says, "Our response is that we are not a philanthropic organization."

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Arthur Higbee

Charles S. Robb

Arthur Higbee

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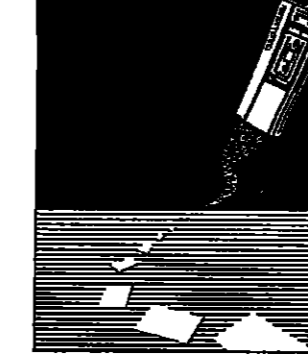
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AMERICAN TOPICS

'Au Pairs' No Longer Rate Cultural Visas

Two years ago, to relieve the chronic shortage of visas, the U.S. Information Agency stretched its definition of cultural exchange by authorizing visas for young women known as *au pairs*, meaning they live "on a par," or as social equals, with the host families.

Under the USIA program, more than 2,000 European *au pairs* have entered the country to look after the children of American families, according to U.S. News & World Report magazine.

The *au pairs* get room and board, \$100 a week in spending money and the opportunity to immerse themselves in the English language and the American way of life.

Everybody was happy — until the USIA got a new acting general counsel, Normand Pointier, and the Labor Department got a new secretary, Ann Dore McLaughlin. "We made a mistake," Mr. Pointier said. Mrs. McLaughlin said 45 hours a week of baby-sitting "mums au pairs into temporary foreign workers." The program was canceled.

Several members of Congress have urged that the program be restored. Only says the USIA, if Congress passes a law.

A national debate is growing over what to do with valuable real estate being sold by railroads because they no longer need it for tracks. The 300,000 miles of track once owned by U.S. railroads have been halved in recent decades. Some of the unused right-of-way is used for public trails, but much of it is being sold to developers. More than 130 million acres of public land was given to railroads as construction incentives from 1850 to 1870, and trail enthusiasts say the railroads owe the public something in return. The railroads say they have long since repaid the country for the land grants, in the form of subsidized mail and military travel, and the development of the West that the land grants made possible. Frank Wilner, spokes-

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Cuomo Vows to Decide On Endorsement Soon

By Paul Taylor
Washington Post Service

WASHINGTON — Governor Mario M. Cuomo of New York, irritated by speculation that his failure to endorse a Democratic presidential candidate means he is holding out in hopes he will be drafted at the party convention, says he will decide soon on whether to make an endorsement.

In two telephone interviews Friday — both initiated by the governor — Mr. Cuomo said he wanted to "be of maximum influence in finding the right candidate and doing it as swiftly as possible."

"I need to dispose of my role," he said, "and get it out of the way. What I don't like is all this speculation about what I am going to do. It's a distraction."

Mr. Cuomo said again that "the Democratic nominee will come from the field. Period."

On the possibility of a deadlock at the Democratic National Convention this summer, he said, "I will be there to say No to Bradley. No to Nunn. No to Cuomo." He was referring to Senators Bill Bradley of New Jersey and Sam Nunn of Georgia, both of whom have been mentioned as possible alternatives to the current Democratic field.

Mr. Cuomo added, "I am concerned that we get into a situation where we have to broker at the convention or just prior to the convention. That is undesirable."

Mr. Cuomo acknowledged that if he were to endorse and promote a candidate before the April 19 New York Democratic primary, he might be able to help create a Democratic coalescence.

But Mr. Cuomo said that he had to weigh these considerations against several others. He is favor-

ably disposed toward all the candidates, he said, and no one has broken cleanly from the pack. It might be better for him, he said, to stay neutral now and help the Democratic National Committee chairman, Paul G. Kirk Jr., try to create a consensus around the candidate who has won the most convention delegates after the June 7 primaries in New Jersey and California.

Still, what Mr. Cuomo stressed was his need to douse the "Cuomo draft" speculation. It kicked up again last week, he noted, after an article based on an interview with him appeared in The Wall Street Journal and an appearance on ABC left the impression that he had decided to wait until June to endorse.

He said it was not his intention to send such a signal, although he did not rule out a late endorsement.

Mr. Cuomo declined to speculate about whom he might endorse. He said he would talk with all five remaining candidates — either face-to-face or on the telephone — this week.

But Mr. Cuomo's complicated state of mind on the whole subject may be best reflected by a follow-up telephone call. He said he had forgotten to mention earlier that he was concerned about the publication early next month of an unauthorized biography of him, by Robert McElvaine, that he said had advanced sales of 45,000 copies. He said he understood that the book was very flattering but was written from the premise that he had an "obligation" to be president.

This, Mr. Cuomo insisted, was a ridiculous premise and one, he lamented, that would only feed speculation that he still wanted to be drafted.

BUSH: Facing a Paradox

(Continued from Page 1)

that neither he nor anyone in his office is the subject of a federal grand jury investigation and that he has answered all the questions about his role except for the advice he has given the president on the policy initiative.

Aides to Mr. Bush concede that the campaign poses a new test for their candidate.

"The vice president is not going to get apathetic about this thing and we're not going to get complacent," said Lee Atwater, his campaign manager.

"The second you start getting overconfident and apathetic and complacent," he said, "you start to get in trouble in politics. You start losing and that's not the game plan."

Peter Teeley, Mr. Bush's chief spokesman, said, "We recognize the fall campaign is going to be a tough fight and the only way to get ready for it is to stay sharp. He's not going to let any moss grow."

Mr. Bush now has from 774 to 821 delegates, by different estimates, and could reach the 1,139 needed for nomination over the next six weeks. His campaign gauges that he may go over the top with the May 3 primary in Ohio, where 88 delegates are at stake.

DEMOCRATS: The Muddle

(Continued from Page 1)

the same. Michigan calls its event a caucus, but it is more like an abbreviated party-run primary: voters in more than 500 locations in a six-hour period simply vote.

Mr. Gephardt not only faces a large gap between him and the front-runners but within days of the Michigan balloting he must make an important personal decision because of the deadline for filing for House races in Missouri. He must decide whether to give up his House seat and his place on the Ways and Means Committee as a signal of his seriousness about the race, or to announce his intention to seek his House seat again while still seeking the nomination.

For Mr. Gore and Mr. Simon, the Michigan outcome is likely to raise new questions about their candidacies. Mr. Gore, following last week's fourth-place showing in the Illinois primary, apparently faces the likelihood of another poor showing in another northern, industrial state, increasing the evidence that his appeal is limited to the South.

Mr. Simon has all but abandoned Michigan. His campaign is falling back on Wisconsin's April 5 primary and the hope, according to Elliott Jacobson, his Michigan campaign director, that he will be a

PANAMA: Shultz Offers U.S. Aid

(Continued from Page 1)

sorts of ways and I think that they're going to succeed, and we'll help them."

Mr. Shultz was asked what kind of government would succeed General Noriega.

"In the first place," he said, "there is a properly recognized civilian president," Eric Arturo Delvalle, whom General Noriega dismissed. "Second, the civilian crusade and opposition party members have kind of rallied together to support a transition." The Civic Crusade is an opposition alliance.

"And, third, there are many credible and worthwhile people in the Panamanian defense forces. They have an honorable continuing role to play in Panama and leadership certainly will be found without a doubt in that case."

General Noriega still has a chance "to make a semi-graceful exit," Mr. Shultz said.

The National Defense Forces communicated Saturday followed talks between the general and two State Department emissaries: William G. Walker, deputy assistant secretary for Central America, and Michael G. Kozak, the department's deputy legal advisor.

"The plans presented were listened to and rejected as unfounded, unacceptable and anti-Panamanian," it said, adding that General

U.S. Solicited Noriega Offer, Gonzalez Says

New York Times Service

MADRID — Spain's offer of political asylum to General Manuel Noriega of Panama was made at the request of the U.S. government, according to Prime Minister Felipe Gonzalez.

Mr. Gonzalez said the matter came up when a Spanish delegation, after a fact-finding trip to Central America, visited Washington at the invitation of Reagan administration officials. Among the officials the group met with, he said, was Elliott Abrams, assistant secretary of state for inter-American affairs.

Spain imposed conditions on the offer, among them that General Noriega ask for asylum and that the United States agree not to seek his extradition from Spain. General Noriega is under indictment in the United States on drug trafficking and racketeering charges.

Mr. Gonzalez, who is scheduled to visit Costa Rica this week, said in an interview Thursday that the offer would remain open.

"Spain is well aware that it has to take on certain responsibilities," he said, "and that was one we were prepared to accept." Asked whether the offer was an effort to improve relations after Spain's refusal to allow a U.S. Air Force fighter wing to remain based near Madrid, Mr. Gonzalez said there was no pressure.

ASIA: Satisfaction With Japan

(Continued from Page 1)

with that nation at times for what they have called economic selfishness or for selling U.S. high technology for military use in the Soviet Union.

The president believes that, working through his personal ties with Yasuhiro Nakasone, the former Japanese prime minister, he helped convince Japan that it should adjust its trade imbalance with the United States, aides said.

In a sole qualifying note on trade, Mr. Reagan mentioned the need to maintain U.S. "limits on high technology" for export to the

1960 Massacre To Be Marked

Reuters

JOHANNESBURG — The residents of Sharpeville, where 69 black protesters were killed by police in 1960, will mark the 28th anniversary of the massacre on Monday.

The Sharpeville killings on March 21, 1960, brought expressions of shock from around the world and intensified anti-apartheid sentiment. The massacre took place when the police opened fire on thousands of residents protesting discrimination.

The police said they were reinforcing patrols this week in black townships to thwart plans for a nationwide strike. Actions advocated by opponents of the government in connection with the anniversary may not be reported because of censorship under a national state of emergency in force since June 1986.

CHINESE: In Asia, a Wealthy and Powerful Elite Is Often Distrusted

(Continued from Page 1)

against government restrictions on Chinese education.

In Thailand, the ethnic Chinese generally have been well integrated into society, but the process of assimilation often was forced by extreme nationalist policies, like the closure of Chinese schools after World War II. According to a recent survey of the ethnic Chinese in Thailand, which appeared in the Far Eastern Economic Review, the elite military academy still requires that cadets have "Thai ethnicity."

In the Philippines, integration has come more naturally, partly because of the historical intermingling between Chinese and the Spanish-blooded mestizo, or mixed-blood, elite. President Corazon C. Aquino and the archbishop of Manila, Cardinal Jaime Sin, are among the prominent Filipinos of Chinese descent.

But even in the Philippines there are anti-Chinese undercurrents. During a small demonstration in Angeles City last May, leaflets blamed Chinese merchants for increases in the price of lumber, cement and basic foods. In January, during local elections, an anonymous leaflet declared, "The Philippines is ours — do not give it to the Chinese!" and urged Filipinos to vote against 12 Chinese-surnamed candidates listed.

According to U.S. census and State Department figures, ethnic Chinese make up 1.5 percent of the population in the Philippines, 2 to 3 percent of the Indonesian population, about 14 percent of the population in Thailand and 32 percent of the population in Malaysia. Singapore, with a population of 2.6 million, is 76 percent Chinese. Officials there say privately that they feel vulnerable to anti-Chinese sentiment from the larger countries, predominantly Muslim and ethnic Malay, that surround them. As a result of those fears, Singapore has the region's best-equipped armed forces.

Despite the restrictions and continuing racism in the region, the overseas Chinese have continued to prosper, leading the economic development boom in much of Southeast Asia. They make up the sector in the Philippines that is showing economic dynamism and providing new investment that could spark an economic turnaround.

"One thing the ASEAN countries can exploit is the marketing network of the overseas Chinese," said Teresita Ang See, the Filipino-Chinese professor of Chinese studies, in a reference to the Association of South East Asian Nations.

"If they want to develop this region, they have to exploit this."

Later this month, the Filipino-Chinese Chambers of Commerce will send a delegation to five Southeast Asian countries, specifically to encourage the Chinese counterparts to invest in the Philippines. They will be taking copies of the Philippines' investment regulations printed in Chinese.

The dominant position of the Chinese in the economy accounts at least partly for the reluctance of the governments in Malaysia and Indonesia to reduce public-sector involvement in the economy and liberalize their systems.

In Indonesia, for example, ethnic Chinese control 50 percent of the private assets, according to one World Bank official. "The real dynamic sector of the economy is the Chinese community," this official said.

To encourage the private sector, he said, is to encourage this "already economically powerful" group, and that creates "political problems for the government."

Indonesia provides an example of how, despite official rhetoric and discrimination against them, overseas Chinese often have prospered with the protection of government officials who use anti-Chinese rhetoric to play to nationalist sentiments. Ethnic Chinese act as middlemen for officials, such as has Liem Sioe Liong, considered the wealthiest trader in Southeast Asia. Liem established lucrative monopolies over clove imports, rice milling, flour, textiles and cement, mainly by acting as the middleman of President Suharto and his close relatives.

In Malaysia, where the Malay government has adopted a series of measures aimed at increasing the hold of indigenous Malays on the economy, the Chinese still have managed to thrive with official blessing. For example, government construction contracts by law must go to Malay firms. Routinely, however, a Malay front company, often owned by government officials or their relatives, will win a contract and subcontract the work to another firm owned by ethnic Chinese. Such arrangements are jokingly referred to as "All-Baba" industries, "baba" being the Malay word for Chinese. A saying goes, "All gets the contract, but Baba does the work."

With Malaysia trying to sustain its growth during a worldwide economic slowdown, pressure is mounting for the government to scrap its pro-Malay affirmative ac-

tion program, which is seen by many economists as inhibiting growth. But the ethnic Malay earnings is likely to do so, because each dollar of private-sector growth would certainly mean a turn to economic dominance of ethnic Chinese.

"If you want this economy grow, you have to free people work hard and use their brains," said one economist in K. Lumpur, the Malaysian capitol. "But we are not in a position to half the brainpower of this country — the Chinese half."

The Chinese did not come to Southeast Asia from elite position. Most came to the European colonies from the south and coastal provinces, many as indentured laborers.

"These were people who were not in the mainstream of civilization," Mr. Chan, the Malaysian economist, said. "They were of the lower class. They were on the periphery."

As immigrants historically done, the overseas Chinese lived and made money through hard work and thrift. They were largely concentrated in the trading professions as a result of colonial policies that sought to keep indigenous populations on agriculture estates. After the Southeast Asian countries won independence, however, many of the region's ethnic Chinese remain in business because laws of fiercely nationalistic new governments prohibited these "non-zens" from entering professional medicine and law.

With ethnic tension haunting Malaysia and the Communist movement in Beijing poised to over the British colony of Hong Kong in 1997, some signs of a migration have emerged. Ethnic Chinese are filling more vacancies and making more investments in Western countries, increasingly, they send their children to study in U.S., Australian, Canadian universities, and many those students stay in those countries.

"The first generation came but but now the second generation do even better," said Teresita Ang See. "They send back foreign change, technology and expert Chinese are filling more vacancies and making more investments in Western countries, increasingly, they send their children to study in U.S., Australian, Canadian universities, and many those students stay in those countries."

"It's a positive development for the region."

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9:45 THE MARKET AND ITS SHOPPERS	Lord Rees, Chairman, The Duty Free Confederation, U.K.
Maggie Green, Duty Free Worldwide Director, Gallaher International, London	1:45 SELLING IN DUTY FREE
10:15 COFFEE	The FRANCISCHOR
10:45 PRODUCTS AND PRESENTATION	Martin Duffly, Chief Executive, Aer Flanta, Dublin
Jacques Greep, Commercial Director, Partums Christian Dior, Paris	15:10 THE FRANCHISE
11:10 REACHING THE CUSTOMER — THE MEDIA OF DUTY FREE	Gunter Brandt, Director, Weinauer Group, Basel
Pamela Blimlock, Group Media Coordinator, Guinness plc, London	15:35 THE SHOP MANAGER
11:35 MARKET RESEARCH AND DATA SOURCES	Colin McLoughlin, General Manager, Dubai Duty Free, Dubai
Peter R. Wenban, Peter R. Wenban & Associates	16:00 PANEL DISCUSSION
Peter Rusby, Managing Director, European Data & Research Ltd.	16:30 DUTY FREE: THE MARKET CHALLENGE
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JAPANESE

Iran Says Iraq Used Nerve Gas

5,000 Kurds Die, Tehran Tells UN

The Associated Press
NICOSIA—Iran said it fired 13 missiles into Baghdad and Basra on Sunday and asserted that 5,000 Kurds were killed in Iraqi poison-gas attacks on towns that Tehran said it had captured in a new offensive.

The official Iranian news agency IRNA, monitored in Nicosia, said the Iraqis had used cyanide, mustard and nerve gas in the attacks on the towns in northeastern Iraq "to prevent the people from joining Iranian combatants."

The agency quoted Foreign Minister Ali Akbar Velayati of Iran as telling UN Secretary-General Javier Pérez de Cuéllar that in addition to the 5,000 people killed, 4,000 Kurdish civilians had been injured in the attacks.

Mr. Velayati said that 70 percent of the Kurdish casualties were women and children. There was no independent confirmation available on the Iranian allegations.

The United Nations has reported that Iraq has used chemical weapons in combat on many occasions since 1984. Baghdad has denied this. Iran has said that if Iraq continued to use the weapons, it also would start using them.

IRNA said that Mr. Velayati had criticized the United Nations for failing to take "effective steps" to halt Iraqi use of poison gases.

Iran said that nearly 1,000 of the Kurdish casualties had been airlifted to hospitals in Iran. It appealed to the International Red Cross and other humanitarian agencies for medical aid.

The Iranians said they captured the towns of Halabja, Kholmaz and Dajalia in Sulaimaniya Province on Thursday, during a weeklong offensive in the northeastern mountains. Many of the Kurds in the region have been in rebellion against the Baghdad government for years.

Meanwhile, shipping sources in the Gulf reported Sunday that Iranian gunboats had attacked the 84,631-ton Liberian-flag tanker Atlantic Peace with rocket-propelled grenades. The sources said there were no casualties.

It was the fourth Iranian attack on ships of noncombatant nations in the Gulf in three days, and it followed an Iraqi air strike Saturday on Iran's Kharg Island oil terminal, in which at least two tankers were set afire.



Three photographers, center, and two Israeli officers look over film confiscated Sunday after an Israeli soldier was shot to death.

Israeli Soldier Shot to Death; Palestinian Toll Rises to 96

By John Kifner

New York Times Service

BETHLEHEM—An Israeli soldier was shot to death as he stood guard here Sunday in what was widely seen as a serious escalation of the Palestinian protests.

The soldier was the first Israeli killed during the current wave of unrest. Ninety-six Palestinians have died of various causes, including shooting, beating and tear gas inhalation.

The soldier was shot at close range by a man with a pistol as he was at his post guarding a civil administration office, an army spokesman said.

"This is a murder," said the army chief of staff, General Dan Shomron. "It is a very grave incident."

However, General Shomron said, "I don't think from this one incident we can assume we've passed to a new stage of using firearms. I don't think we can yet see it as a shift to armed struggle."

The general said, "I assume that as long as we stop the big violent demonstrations—and this is what we are doing lately—naturally there will be more and more attempts to make use of firearms."

Prime Minister Yitzhak Shamir, in a statement from New York where he is visiting, said, "This is a dangerous escalation of the violence in Judea and Samaria, where until now they have not used firearms."

It is proof that we are engaged in a war for the security of Israel," Mr. Shamir said, "a war that has been misunderstood until now."

Michael Dekel, a deputy defense minister, said, "This is not a new chapter. After all, there already have been hostile terrorist incidents in which the PLO attacked civilians, killed Israeli civilians and Jews, and this time they attacked a soldier."

Those who do not want us here in the land of Israel," he said, "will look for different ways to attack us."

Two more Palestinians, meanwhile, died overnight in clashes with the army as Israeli authorities continued to press a campaign of arrests, curfews and other efforts to break the protest movement.

The Palestinian protesters had thus far refrained from using firearms in favor of rocks and Molotov cocktails for a number of practical and political reasons. It is widely believed that the restraint has been urged by Yasser Arafat, the leader of the Palestine Liberation Organization.

On a political level, the Palestinians have won sympathy unprec-

edented in the two decades of the existence of the PLO by portraying themselves not as terrorists but as unarmed protesters, willing to die confronting combat-equipped soldiers.

On a practical level, Israeli military officers say privately, the introduction of firearms on the Palestinian side is likely to result in the unleashing of massively superior army firepower. Tight Israeli security keeps the number of firearms in Arab hands bare to a minimum.

But the use of guns and bombs by Palestinians inside Israel is far from unheard of. Incidents have included a grenade attack on a military ceremony at the Western Wall, a sacred Jewish site in Jerusalem's Old City.

Mr. Arafat and other Palestinian leaders outside the occupied territories have repeatedly attempted to infiltrate guerrillas into Israel.

Earlier this month, three Palestinians from Mr. Arafat's el-Fatah guerrilla organization hijacked a bus in the Egay Desert. They were slain by security forces and three Israeli passengers were also killed.

On Saturday, the Israeli Army effectively blocked foreign journalists from working in the occupied West Bank and Gaza Strip in an apparent effort to reduce coverage of more than three months of Palestinian protests.

Virtually everywhere the foreign journalists went on Saturday they were stopped by soldiers who unfolded a mimeographed order declaring the immediate area a "closed military zone" and ordered them away.

Members of four television crews and several photographers were rounded up Saturday afternoon by soldiers on the streets of Ramallah and taken to the police station.

There, they said, they were told by an army captain that if they were found in the area after being warned, they would be arrested.

Warning From Rabin

Defense Minister Yitzhak Rabin reacted to the shooting of the Israeli soldier by warning that the Israeli Army would take tougher measures if Palestinian protesters began to replace stones with firearms. Reuters reported from Jerusalem.

"There might be extreme elements in the terrorist organizations of the Palestinians that might like to add to the so-called civilian violence elements of terrorism," he told reporters at the Western Wall.

"Let's hope that this was an exception that will not be repeated. Otherwise, tougher measures will be used to cope with both the civilian disturbances and the terrorism."

Vortex of a 'War of Populations' Engulfs Arabs and Jews

By Glenn Frankel

Washington Post Service

BIREH, Israeli-Occupied West Bank—The yellow Israeli bulldozer rumbled methodically through the back yard of Ahmed Abdul Aziz on a crisp spring morning last week. It buried his vegetable garden, then assaulted his grove of 25 almond, olive and mulberry trees, ripping each one out and shoving it aside while Mr. Aziz and his family looked on in gaping silence.

Four days earlier, someone had hidden in the grove, next to the main highway 10 miles (16 kilometers) north of Jerusalem, and thrown a gasoline bomb at a school bus filled with Jewish children. The children were unharmed.

Now the army was retaliating. The target was not the bomb thrower but the land and those who live on it.

The Palestinian uprising in the occupied West Bank and Gaza Strip has reached the age of 100 days and at the same time turned a corner. What began as a confrontation between stone-throwing teenagers and young soldiers has taken on an air of permanence, blossoming into a full-scale intercommunal struggle between Arab and Jew, "a

war of populations," in the words of Joel Greenberg, an Israeli journalist.

"You may not be interested in war, but war is interested in you," wrote Leon Trotsky. He was referring to the vortex that war inevitably creates, sucking in whole communities and individuals who have

NEWS ANALYSIS

thought of themselves as neutrals or noncombatants.

So it was with the uprising. Arab policemen who had stood on the sidelines, still working for the Israeli administration but shunning political and security cases, resigned after receiving a threatening directive from Palestinian activists. Farmers and merchants who sell produce and wares in West Bank markets were cut off and sent home by an army determined to raise the economic stakes of the challenge to Israeli rule. Families like the Azizs found themselves victims in a struggle they barely understood.

The two sides seem locked in a test of will that is at once logical and chaotic. The Palestinians appear to be aiming at crippling the system that has administered the occupation for more than 20 years,

while the Israelis seek to puncture the sense of euphoria and triumph that so far has marked the uprising for the Palestinians.

Each side appears determined to inflict the maximum pain on the other.

Each side is seeking to wear down the other. Defense Minister Yitzhak Rabin told the Israeli cabinet recently, adding, "I can assure you, the army will not be the first to tire."

But the Palestinians do not sound tired either.

"We have never felt so close, never felt this sense of identity or pride or this feeling of oneness," said Saeb Erekat, a West Bank political scientist. "What the Israelis are doing now will not bring us to surrender. Four months ago we were ignored by everyone, and now we have moved the world."

"We didn't plan or anticipate this uprising. But now people really feel that if we stop and look back, we'll be lost like Lot's wife. The only alternative is to go forward."

Mr. Erekat's family home is in Jericho, a sleepy town that illustrates how the uprising has spread. Jericho, a farming and tourist center, is traditionally a tranquil oasis where Arabs and Israelis alike

come for long lunches and languid afternoons under palm trees.

While the rest of the West Bank was burning, Jericho stayed calm. But three weeks ago someone threw a molotov cocktail at soldiers, a tourist bus was stoned and a few days later an Arab policeman was killed in a refugee camp on the outskirts of town. The army then sealed off the area for several days and detained several dozen people.

Last week, the military governor decreed that shops and the central farmers' market would be allowed to open only in the afternoon, just the time when the Palestine Liberation Organization decreed shops should close during a partial commercial strike throughout the territories.

"They just want to tell us that they control the streets," said Munther Arekat, whose family grows vegetables and watermelons. "They want to break our spirit by making us lose money."

If so, it is working. Crates of tomatoes that normally sell for up to the equivalent of \$20 wholesale this time of year are going for \$3.50, Mr. Arekat said, because customers have all but vanished.

At the same time, however, the restrictions are politicizing the generally conservative farmers and turning them into smugglers. They sell directly from the fields, one eye watching for army patrols.

The verdict is still out on whether the new crackdown will succeed, but some activists welcome it.

"Collective punishment at this time is good for us," Mubarak Awad, an advocate of nonviolent resistance to the occupation, told The Jerusalem Post. "The cut-off of electricity, phones, fuel and perhaps even water means Israel is doing the job of separation for us. Collective punishment strengthens us morally, spiritually and unites us. It is our water and our spirit."

The military, made cautious by the international outcry over Mr. Rabin's previous strategies, has kept public silence on the economic sanctions. But Brigadier General Yaacov Orr, military commander of Gaza, acknowledged the limits of the army's strategy.

"The question we always ask ourselves is who is controlling the area," he said.

General Orr believes he and his men have succeeded in limiting the war on the ground between soldiers and stone-throwers, but he expresses less confidence in the effectiveness of collective sanctions.

"We prefer that the economic steps be very pinpointed against those arrested or involved in any violence," he said.

General Orr understands the limits of his firepower in Gaza, but sometimes dreams about how quickly he could suppress this revolt if he had the tools the Syrian government used in killing up to 20,000 rebels and bystanders in Hama six years ago.

"There are very nice techniques," he said with a small smile. "You could bring a tank here and fire, and everything would be fine very quickly. But you can't do it."

Instead, Israel's high-tech army is turning the clock back. Rather than concentrate on computerized weaponry for the electronic battlefield, researchers are developing fiberglass clubs to replace wooden ones, which splinter too quickly. A cannon that shoots gravel at demonstrators was recently unveiled.

And there is the bulldozer, another symbol of the army's new look. One was involved in a notorious incident in which four Palestinians were briefly buried alive. And one went to the Aziz homestead in Bireh to take revenge for the bus firebombing.

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INTERNATIONAL HERALD TRIBUNE

Published with the New York Times and The Washington Post

The Israelis Must Decide

Yitzhak Shamir has finished his talks in Washington without, fortunately, contributing to the confrontation that some had expected to flow from American-Israeli differences over the new U.S. peace initiative for the Middle East. The Israeli prime minister expressed "strong reservations" about the international conference that the United States wants to make a tightly circumscribed introduction to early direct negotiations between Israel and any willing neighbor—in the first instance, Jordan. But Mr. Shamir will be taking his misgivings back to the Israeli political arena, which is the forum in which they must be thrashed out. Meanwhile, President Reagan is sticking to the U.S. initiative and saying, in effect with Mr. Shamir, that the Israeli public must decide.

Politically and psychologically, Israelis are divided between those who, with Mr. Shamir, would hold on to the West Bank indefinitely and those who, with Foreign Minister Shimon Peres, would try to negotiate the exchange of territory for a secure peace. Israel offers its division and its exposure to risk, and the fact of its democracy, to support its claim that it should not be pushed by its lone patron into an "imposed" settlement. To accept that argument in its entirety, however, is to invite hard-line Israelis to keep their country divided and to weigh in formally against a policy of compromise that a great many other Israelis are prepared, warily, to consider.

Early elections may be coming in Israel. Israelis voters should know that a subtle but potentially profound change has overtaken American policy and public opinion alike. The Palestinian protests have diminished

the old tendency to give embattled Israelis the benefit of almost any doubt. The emerging tendency is to be more assertive in looking for ways to combine fidelity to Israel's security and welfare with the U.S. interest in a broad Middle East settlement including the Palestinians. It is not out of line for Americans to communicate this to the Israeli electorate. It is urgent.

What has come to be called the Shultz plan has many strikes against it, starting with the Reagan administration's lamewedded status and including not only Israel's reservations but the chronic incapacity of the Palestinian national movement to organize itself for realistic negotiations. "Realistic" here necessarily means consent to an indirect formula of PLO representation, at least in the early stages. This requires a measure of Palestinian self-discipline at least as great as what is required to draw Israel into a negotiation whose outcome involves a wrenching reversal of the annexationist momentum of the past 20 years.

The Shultz plan is, as its drafters claim, reasonable and fair. It keeps as the key mediator the one country, the United States, that has a chance of dealing with both the Arab and the Israeli sides. It closely restricts the role of the other four United Nations Security Council members, none of which has earned Israeli confidence. The plan represents enough of an American consensus to be sustained through a period of divided government in Washington and through an American election year and beyond. This is what the Israelis ought to be thinking about, and Jordan and the Palestinians, too.

—THE WASHINGTON POST.

Show the Russians the Exit

If the Russians sincerely want to get out of Afghanistan, Washington should do everything reasonable to help them to do so. Now it seems that the United States and Pakistan—and perhaps Moscow as well—are trying to gain marginal bargaining advantages and are losing sight of the goal.

It looked like a watershed when Mikhail Gorbachev said he was ready to withdraw 115,000 Soviet troops in less than a year, beginning May 15—without prior agreement on a new regime in Kabul, and with a pledge that U.S. aid to the rebels would end when withdrawals began. But before the offer could be tested, Washington and Islamabad came up with fresh demands. And Moscow has veered erratically, one day saying the deal is off, the next day saying that it will withdraw regardless, on its own terms.

The Soviet position should become clearer when Secretary of State George Shultz meets in Washington this week with Foreign Minister Eduard Shevardnadze. But is the Reagan administration prepared to make the kind of deal it has hinted at all along, namely the one Moscow now offers: Soviet withdrawal in 10 months in return for an end to U.S. aid to the Afghan resistance once the exit begins?

Washington instead now ups the ante, demanding that Moscow halt future aid to Kabul. Is this essential, or merely ponder-

ing to congressional pressure for tougher terms? Is it not clear that Soviet troops, not Soviet arms, sustain the puppet regime? While Washington demands the unconditional, Islamabad asks the unachievable—the formation of an interim coalition regime before the pullout begins. All that mixes the fragmented insurgents in contempt for the Kabul regime and refusal to participate in a coalition with Communists.

Pakistan says Afghan refugees will not return home with the risk of chaos after a Soviet withdrawal. But is continuation of a brutal war preferable? Afghans have by fierce tradition preferred a weak central authority, and even the Russians seem now to grasp the cost of offending that history.

The declared aim of the accord negotiated by a United Nations intermediary is to end an occupation and guarantee Afghan autonomy under whatever regime Afghans shape for themselves. This is achievable and legitimate. It could bring the first retreat of Soviet forces in decades, shattering the Brezhnev Doctrine dogma that Communist takeovers are irreversible. It would vindicate the wisdom of U.S. aid to the Afghan resistance.

Those are big prizes—and this is a chance to be seized, not put at risk by bargaining for cosmetic advantages.

—THE NEW YORK TIMES.

Richer Than They Feel

Among the large countries, the Japanese are now, per capita, the richest. The West Germans are second and the Americans third. That is what the rise of the yen and the Deutsche mark has done to the rankings. We are speaking of gross national product per person, converted into dollars at market exchange rates. By that reckoning, Japan's GNP per person in 1987 was \$19,642. West Germany's was \$18,499 and the United States's was \$18,406.

The Japanese and the Germans probably would respond that they do not feel quite that rich and that these figures overstate their actual standards of living. And that is true. When a country's currency rises, imports become cheaper. But there is no immediate effect on most of the things on which people spend their money—housing, services or the things made in their own country. Rent or a haircut or a meal in a restaurant is no less expensive in Tokyo simply because the yen is worth twice as much in dollars as it was three years ago.

In an attempt to reach beyond the erratic swings in exchange rates, economists have worked out a method to compare wealth across national boundaries in terms of each country's purchasing power in its own country. In these terms, the figures for 1986 (the latest available) show output per capita in Japan

and West Germany at about three-quarters of the U.S. level. Those figures come about as close as possible to providing a true comparison of material standards of living. Japanese and Europeans have fewer cars per person than Americans, they have fewer television sets, they live in somewhat smaller houses that are heated less luxuriously and so forth.

But the new rankings reflect one thing absolutely accurately, and that is financial power. Market exchange rates may not provide an accurate translation of the way people live at home. But they show precisely what their money is worth as it crosses from one country to another, to buy and to be invested. Most of the world's biggest banks are now Japanese, and Germany is the powerhouse of the West European economy.

Does all this mean that Americans' incomes are fated to keep declining in relation to those of their suddenly richer competitors? Hardly. The dollar has slid downward because of a period of gross overspending and overconsumption. Americans have the power to put their economy back into balance whenever they choose. Rather than radically reversing the rankings, it is more likely that all the rich countries will converge over the next decade at roughly the same level of material wealth.

—THE WASHINGTON POST.

Other Comment

Waiting in the Stable

Halfway through the primaries, and none of the Above still leads the Democrats. Unless Michael Dukakis breaks out in a big way soon, this free-for-all could wind down to scorched earth, exhaustion, chaos—and another defeat in the fall.

One has a shot at a majority of delegates. Except for Jesse Jackson, none of these guys turns anybody on.

About the only thing the Democrats have going for them is a tough, street-smart chairman, Paul Kirk. Mr. Kirk has streamlined the party machinery and ended the public auctions at which candidates used to have to shell their souls to interest groups. He says he will assemble the waiting li-

ations after the primaries and try to bang heads. With luck, things may be clearer then. If not, it will be a sorry session.

Mr. Kirk thinks it would be disruptive to bring in a singer at this stage. But why would it? Voters simply don't like these candidates. They avoid issues, promise the moon with no way of how to pay and (except for Albert Gore) are timid on foreign affairs.

This may be the most important election since 1932. Mr. Kirk ought to look at his whole stable, including Mario Cuomo, Sam Nunn, Dale Bumpers and Bill Bradley. Mr. Cuomo has a short fuse. Mr. Nunn is fairly conservative. But Mr. Bradley could make a great president, and Mr. Bumpers is able. Who said a party cannot pick and choose?

—Syndicated columnist Jim Fair.

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OPINION For a Mideast Peace That Endures

By Hermann F. Eilts, Samuel W. Lewis and William B. Quandt

WASHINGTON — In 1979, President Anwar Sadat of Egypt and Prime Minister Menachem Begin signed a historic peace treaty between their countries on the front lawn of the White House. For three of us in the audience—the U.S. ambassadors to Egypt and Israel and a member of the National Security Council staff, all deeply involved in the Camp David negotiations—there was a feeling of relief, pride and hope, mixed with some apprehension about what would come next.

Even then we realized that, without common ground between Israel and the Arabs on how to resolve the Palestinian problem, it would be difficult to make further progress toward Arab-Israeli peace. Now, as the Reagan administration tries to get the Middle East peace process restarted, we feel the time has come for the U.S. government to try to bring representative Palestinians as well as Jordan, into direct negotiations with Israel.

This is not just our personal reaction to recent events on the West Bank and Gaza. It is the conclusion of a group of 19 Americans with interest and expertise in the Middle East who have been meeting since last spring. The group's report, to be published this week by the Brookings Institution, will recommend Israeli-Palestinian negotiations within an international framework.

Much of what we propose is not so different from what the administration is attempting. But while we can admire the diplomatic tactics and the personal commitment of Secretary of State George Shultz, we wonder if the current initiative has a serious chance of success. In the best of circumstances, Mr. Shultz would be able to do little more than start a process. It is not clear that the ground has been well-prepared for peace negotiations, and the compressed period of time outlined by Mr. Shultz seems unrealistic in view of the impending Israeli elections and the complex political crosscurrents in the Arab world.

Still, we do agree with the need for some form of international framework for negotiations. We also support the idea that two related sets of negotiations will be needed, one on

transitional measures and one on the terms of a final settlement.

It is tempting to look at the Egyptian-Israeli negotiation as a model. But the West Bank and Gaza do not lend themselves readily to a straightforward application of the "territory for peace" formula from United Nations Resolution 242, as was the case with Sinai. This is why some form of transitional arrangement is essential, and why creative new political concepts involving Israel, the Palestinians and Jordan are required that would allow for shared sovereignty, joint authority, open borders and so on.

The violence of the past three months has driven home the centrality of the Israeli-Palestinian dimension of the broader conflict. Our group has concluded that, while Jordan has a central role to play, Palestinians should be represented in negotiations with Israel by spokesmen of their own choosing, whether in a joint Jordanian-Palestinian delegation or in some other configuration.

We feel that the United States should have no objection to the participation of Palestinians who are on record as being prepared to coexist with the state of Israel, are committed to peaceful negotiations, can contribute to that objective, and agree to renounce the use of force.

But we recognize that Palestinians are unlikely to come forward to negotiate with Israel without the implicit or explicit endorsement of the Palestine Liberation Organization. We also recognize that Israelis, even those most eager to negotiate, will be reluctant to deal directly with the PLO leadership. Still, we believe that it is possible to arrange for Israeli-Palestinian negotiations and that this should be a central goal of U.S. diplomatic efforts.

With the arrival of the Soviet foreign minister, Eduard Shevardnadze, in Washington this week, it is appropriate to emphasize that the Soviet Union does have a role to play in Arab-Israeli peacemaking. This derives partly from its relations with Syria and the PLO, and from the sense among Arabs that negotiations must take place within an international conference with Moscow's participation. Indeed, it seems doubtful that any Arab party will



respond positively to the Shultz plan unless Moscow is already on record in support of the current initiative. We must recognize that the Soviet Union is once again active throughout the Middle East and that we will have to maintain a serious dialogue about regional issues, including the Arab-Israeli conflict.

The initial focus of any negotiations will necessarily be on transitional arrangements. But those involved must also have an idea of what will come next. We believe that America is well-positioned to articu-

late a future vision of how Israelis, Palestinians, Jordanians and other Arab parties can attain their rights to security and self-determination through some political formula based on ideas of peaceful interchange and political pluralism, and the exchange of "territory for peace" as envisaged in Resolution 242. Concepts of federation or confederation, respect for minority rights, economic development and principles of democratic governance are all potential building blocks for a just, lasting and genuine peace settlement.

Finally, we want to emphasize that the details of an Arab-Israeli peace settlement should not, indeed cannot, be successfully dictated by the United States or any other outside party. Working out the terms of an agreement is up to the parties who have to live with the results.

It is the durability of any agreement that should be foremost in the minds of Americans. U.S. interests, we have no doubt, will be well served by widening the scope of Arab-Israeli peace. How that is done is less important than that it be done, and that the process start as soon as possible. Then, perhaps, we will again witness Arab and Israeli leaders making peace with one another as they did nine years ago.

Hermann F. Eilts, ambassador to Egypt from 1973 to 1979, is director of the Center for International Relations at Boston University; Samuel W. Lewis, ambassador to Israel from 1977 to 1985, is president of the U.S. Institute for Peace; William B. Quandt, on the staff of the National Security Council from 1977 to 1979, is a senior fellow at the Brookings Institution. They contributed this to The Washington Post.

UN Resolution 242: Let the Record Be Clear

By Cyrus R. Vance and Joseph J. Sisco

NEW YORK — Whether they support or oppose the views of Prime Minister Yitzhak Shamir of Israel, people ought to be clear about the meaning of Security Council Resolution 242 of 1967.

Mr. Shamir contends that Israel's withdrawal from Sinai satisfies the requirements of 242 and that the resolution does not apply to other occupied territories. And he rejects a fundamental tenet of 242: the "territory for peace" formula. These are not problems of technical interpretation. They are central to the question of whether negotiations can ever take place. Ruling out the "territory for peace" formula makes negotiations virtually impossible and negates any hope for progress toward peace. So does the unrealistic call for Arabs and Palestinians to complete Israeli withdrawal to the 1967 lines.

Gol Meir, Shimon Peres, Yitzhak Rabin, Abba Eban and a host of other Israeli leaders have been clear, as has the state of Israel for years, on the following points about 242: It did not call for total Israeli withdrawal to the pre-June 1967 lines, as the Arabs and Russians contend to this day; it does apply

to all occupied territories; it is based on the fundamental principle of "territory for peace."

In November 1967, Israel held this view with the United States. The Likud's nonacceptance of this historical interpretation goes back to when the former prime minister, Menachem Begin, decided to leave the Israeli government in August 1970 because Israel accepted 242 with the clear meaning described above. Mr. Shamir says he accepts 242. Indeed he does—but only on the basis of his interpretation.

The fundamental question is whether holding on to all of the occupied territory or seeking a territorial compromise has the better chance of protecting Israel's security within defensible borders, while taking into account as well the legitimate interests of the Palestinians. These are hard and difficult choices.

But it is important that the record of Resolution 242 be clear: it applies to all the occupied territories on the basis of the principle of "territory for peace."

Cyrus R. Vance was secretary of state in the Carter administration; Joseph J. Sisco was undersecretary of state for political affairs from 1974 to 1976. They contributed this comment to The New York Times.

In Belgrade, Gorbachev Sees the Contradictions

By Susan Greenberg

BELGRADE — Mikhail Gorbachev hopes his recent visit to Yugoslavia will draw Moscow closer to the nonaligned nations and could pre-empt any unrest that may be festering in those countries.

But he might also reflect on some of the contradictions he witnessed as he toured a society that tries to reform while remaining a one-party state.

For years, the Soviet Union was critical of Yugoslavia's economy, based on the principle of "self-management," which devolves responsibility to enterprises and their employees. But as Mr. Gorbachev pushes ahead with the similar policy of *perestroika*—economic restructuring—Yugoslavia is now praised in the Soviet press for its "pioneering role" in this field.

To many ways Yugoslavia has gone much further in restructuring than has the Soviet Union. Yugoslavia has the Soviet Union's Yugoslavia is not only self-management but a more important private sector and greater financial freedom—for example, to send or receive foreign currency.

But as Mr. Gorbachev himself noted on Wednesday, success depends on "deeds matching words."

No one in Yugoslavia has claimed economic reform to be a success. Self-management has proceeded in a stop-and-go fashion, which may have left the country with the worst of all worlds—no central planning and

very little real grass-roots control.

Kisko Bajalicki, a Yugoslav congressman on Soviet affairs, suggested recently that Mr. Gorbachev could learn from Yugoslavia's mistakes. "The U.S.S.R. keeps saying it's on the edge of a crisis, but we are already in one," he wrote. "I think Gorbachev will take an interest in how the country is coping."

Parts of it are coping quite well. When the Soviet general secretary visited Ljubljana, capital of the prosperous northern region of Slovenia, he saw self-management at its best. Slovenia is where most Yugoslav high-technology exports to the Soviet Union come from. But Slovenia is also the part of Yugoslavia that is most impatient with the restraints put on its development by Communist orthodoxies upheld by officials in Belgrade.

And organizations of all kinds have been pushing for greater pluralism. The Slovenian authorities recognized long ago that prosperity means a climate of freedom, and they have tolerated a wide range of political activity.

Unfortunately, this system still relies on tolerance rather than rights guaranteed by an independent body. In addition, the Slovenians are under constant pressure from conservatives in other parts of the country and in the capital. It is a political conflict that

must mirror those in the Soviet Union.

The Slovenians were pressured by the federal judiciary in Belgrade, for example, to press charges against the editor of a youth magazine, *Mladina*. The magazine's offense was to publish an article attacking the Defense Ministry for selling arms to unsavory regimes such as that in Ethiopia. The trial began soon after Mr. Gorbachev's visit to the town.

More importantly, Slovenian peace activists are among a wide range of East European opposition figures planning to issue a joint declaration calling for recognition of the right of conscientious objection and a civilian alternative to military service. This is a decisive issue in a region where armies have been used primarily to quell their own or neighboring Warsaw Pact peoples.

Slovenia illustrates the furthest part society can reach under the one-party state before it leaps into political pluralism, and the contradictions that arise as it makes the push. The freedom exercised there is not yet considered acceptable in the rest of Yugoslavia. It is not clear whether Mr. Gorbachev accepts it either.

As for contradictions, Mr. Gorbachev does at least show a wary appreciation. "Life is full of them," he told a gathering in Belgrade, "and it seems they particularly abound in the times we live in." How he tries in practice to resolve these contradictions is what will prove this visit to be a turning point or just words without deeds.

The author, a journalist based in London, writes frequently about Eastern European affairs. She contributed this comment to The New York Times.

No Soviet Hugs or Kisses, But a Lowering of Veils

By Flora Lewis

BERN — The meeting between Soviet and American defense ministers here produced "no breakthrough," as Defense Secretary Frank Carlucci said. Still, it was a remarkable first, not spring but a sign of changing climate that can gradually lead to a dramatically different sense of the superpower confrontation.

Mr. Carlucci is approaching this new phase of U.S.-Soviet military relations with cool poise—interested, inquiring, but insisting on facts before the value of words can be judged. This itself is a shift from the exchanges of accusations, a reflection of how far the expiring Reagan administration has come from its "evil empire" days.

Defense Minister Dmitri Yazov noted that both men are new in their jobs. It is not easy to imagine their predecessors embarked on the same kind of discussions. Surprisingly, Mr. Yazov was rather less rigid and polemical in private, according to Mr. Carlucci's account, than he was at a news conference afterward.

He is a big, burly, square-faced man with unruly hair, what there is of it, and he wore his dark civilian suit unweavily. He has none of the polish of his senior Politburo comrade, Mikhail Gorbachev. In public, he stuck to tried refrains without much effort to make the Gorbachevian "new thinking" more credible in defense affairs.

But something important was beginning to happen. The chiefs of staff of the two sides, Marshal Sergei Akhromeyev and Admiral William Crowe Jr., who met informally during the December summit meeting in Washington, are to meet again to follow up on proposals for all kinds of talks and exchanges, ranging from how to handle incidents between their forces, to sending lecturers to each other's war colleges, to discussing why they equip and train and deploy forces as they do.

It is another step in Soviet emergence from the obsession with secrecy, not *glasnost* in this case but an understanding that secrecy breeds suspicion. Mr. Yazov said Moscow was preparing to publish data about its forces, which it normally refused to do even though the West did so.

Mr. Carlucci said that while Mr. Yazov offered no specifics on how the change in Soviet military doctrine was being effected, the general said that

with time it would become evident from Soviet exercises and training.

Meanwhile, NATO is preparing to respond to the year-old Warsaw Pact invitation for talks on military doctrine between the alliances.

These are not negotiations, which are continuing in Geneva on missiles and space. But it can be more important if the people whose job it is to prepare for war against each other understand the other side's thinking.

Western officials tend to worry when the Russians smile, for fear the Western public will conclude that due to optimism in democracies as it is to distrust of Soviet intentions. It is unworthy. Surely, given adequate information the public can judge whether the actual threat from guns and tanks and missiles is receding or whether they are getting snickered.

That is the value that can come from these unprecedented talks as they are continued and broadened. The West, which has to publish its doctrines and procurements and budgets, can only gain by provoking the Russians to explain themselves.

Mr. Yazov did not choose or was not able to articulate clearly what Moscow expects to gain in exchange for what it obviously knows about the West. But obviously it is a hope to be more convincing in its assurances that it does not plan to attack.

That is what President Eisenhower was trying to persuade the Russians of when he offered his "open skies" program to monitor each other's military activities. Then, Moscow denounced the idea as spying and wrapped itself in its riddles. Technology has long since ended that issue, but at the price of an arms race that might have been avoidable if there weren't such efforts at concealment and surprise.

Mr. Gorbachev's insistence on a formal communiqué with Yugoslavia hinting that Moscow no longer claims a right to support Communist regimes by force is another attempt at convincing West as well as East.

The historical possibilities of these developments are fascinating. It would be as wrong to reject them in blind cynicism as to embrace them in blind credulity.

The New York Times.

Democracy Is Peruvians' Best Defense

By Jonathan Power

LIMA, Peru — Fifteen years ago Washington was caught by surprise when Salvador Allende, a Marxist, was elected to lead Chile. The subsequent U.S.-supported coup led to the military dictatorship of Augusto Pinochet, who has ruled to this day. President Allende was assassinated by the army, thousands of people have been killed, and Chile's 150-year-old tradition of democracy was laid to rest.

In neighboring Peru, the chance of a Marxist government coming to power in election two years hence is a real possibility. Yet Washington has paid little attention. What will it do when it wakes up this time?

History should not be allowed to repeat itself. It is not too soon to rebalance the reasons why.

Peru, one of the poorest countries in South America, is ruled by Alan Garcia Perez. At 37, he is a brilliant and dashing figure, with a flair for balcony oratory.

The country has been under democratic rule for eight years now; it led the democratic wave that has been washing the continent. But much of the glow is gone. Peru's military leaders bequeathed it an appalling legacy—a moribund economy and a mountain of debt.

Mr. Garcia tried to jolt the economy out of its rut by announcing that Peru would limit debt repayments to no more than 10 percent of its foreign exchange earnings. And he kicked off a demand-led boom that produced the highest growth rate in Latin America.

But the boom is running its course, depleting scarce reserves, driving up imports and reintroducing a trend to hyperinflation. Now, of course, no international banker wants to know about Peru. There is no one to bail the country out.

Mr. Garcia's other fatal inheritance is Sendero Luminoso, or Shining Path, a brutal Marxist rebel movement. In December 1980, Lima residents awoke one day to find dogs hanging from lamp posts—the running dogs of capitalism—and wall posters denouncing Deng Xiaoping and eulogizing the Gang of Four.

The group has grown at an alarming rate, feeding on the century-old resentment of the highland Indians, descendants of the Incas, many of whom still see the lowland middle classes as their oppressors. Peru is the most racially stratified country on the continent.

Starting with the leftist military government of General Juan Velasco Alvarado in the 1970s, Peru began battling the poverty of the mountains. The general introduced a land reform program, bold in its intent, but a failure in its consequences. It created big state farms that in Indian eyes seemed merely to swap one master for another. This broke the back of the landed oligarchy, but fueled Indian bitterness.

Mr. Garcia has sought to improve programs that provide advice and credit to Indian farmers in the Andes. But Peru lacks an efficient rural administration to oversee them.

Yearly, Sendero has increased its reach. Bombings have become a regular occurrence in Lima. The American, Soviet, Chinese and North Korean embassies have been hit.

The army, in return, is ruthless. Torture and disappearances are common, and the Garcia government seems helpless to stop them.

Mr. Garcia's failed economic policies and uneven human rights record have lost him much democ-

atic support. Meanwhile, the fortunes of the United Left have risen.

The United Left is a coalition of Marxist and socialist parties led by a former mayor of Lima, Alfonso Barrantes Lingán, a Marxist who placed second in the 1985 presidential election. The celebrated novelist, Mario Vargas Llosa, who today leads the rightist opposition, calls him "warm, shrewd and civilized."

To win power, Mr. Barrantes probably would need to form a coalition with the center-right Christian Democrats and smaller rightist parties, a not inconceivable scenario in Peru's convoluted political culture. He is a very different political customer from the boisterous, aggressive Mr. Allende, who shunned anyone to his right.

The political forces of the left, center and right are now even favorites in the next election. Although Mr. Garcia will be ineligible to run again, his party is better organized than its rivals; he is a master of political patronage. The right, after its stunning defeat in 1985, has recovered its step thanks to Mr. Vargas Llosa, who uses his elegant oratory to warn the middle classes that an elected Marxist government would endanger their freedoms.

The word from the U.S. Embassy here is that a Barrantes victory would not be viewed as a repeat of Mr. Allende's in Chile. Peruvian democracy will be respected, for "better or worse." One must hope that Washington listens to its diplomats.

A "Chilean" solution in Peru would give Shining Path legitimacy and respectability. For now, Peru's lively and reinforcing this democracy is the only intelligent option.

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100, 75 AND 50 YEARS AGO

1888: William Mourned

BERLIN — In to-day's [March 20] sitting of the Reichstag, the President read the draft of the address in reply to the Imperial message. In it the House expressed gratitude to the Emperor [Frederick III] for overcoming all obstacles and assuming without delay the Imperial dignity with its rights and duties, and also thanks His Majesty for his assurances. The address proceeds to record the sorrow of the Deputies at the loss of the great ruler [William I] to whom, it says, Germany owes the reconstruction of her unity, and whose life was devoted to the strengthening of Germany's influence and position, who was the guardian of peace and whose efforts aimed at promoting the welfare of all.

1913: A Perfect Match

NEW YORK — After a seven month trial of marriage, Mr. and Mrs. Carteton Wolsey-Washburne, a young couple of Los Angeles, Cali-

fornia, have issued a statement to the newspapers, the gist of which is contained in the phrase: "We are perfectly matched." Their "higher morality" wedding was denounced at the time by many clergymen as "moral anarchy." "I am my husband's equal partner," said Mrs. Washburne to-day [March 20]. "I have my separate bank account and half of all his earnings. I am in no way subject to my husband's will. The result is there has been no ripple in our married life."

1938: Protest to Franco

LONDON — The British government has addressed a strong note of protest to General Francisco Franco on the bombing of Barcelona. It was learned here tonight [March 20]. The note expresses horror at the intensification of recent bombings which have led to the loss of civilian life and points out that such practices are contrary to the principles of international law as based on established practices of civilization.

EUROBONDS

Banks Dominate Issues In Fixed-Coupon Sector

By CARL GEWIRTZ

PARIS — Commercial banks dominated the Eurobond market's new-issue calendar last week, accounting for 11 of the 24 fixed-coupon bonds that were launched.

In past years, the banks would have sold floating rate dollar notes. But that market shut down last year after investors became disillusioned over the ability to trade such instruments.

The banks can issue fixed-rate paper and swap the proceeds into cheap floating rate funds.

However, thanks to the swap market, banks are under no pressure to lure investors back to FRNs. The banks can issue fixed-rate paper and swap the proceeds into cheap floating rate funds at a cost below Libor and often below Libid.

Because of the debt crisis, bank paper is not especially popular with institutional investors these days. As a result, the banks tap currency sectors where institutional buyers are less important than retail clients.

Dazzled by the double-digit coupons available on Australian dollar paper and near double-digits on Canadian dollars, retail investors pay more attention to the choice of currency than to the credit of the issuer.

The lack of discrimination is also evident in the bank sector, where retail investors make no distinction between subordinated bank paper and senior debt. In the event of a collapse, holders of subordinated debt would rank just ahead of stockholders in getting paid.

At present, bankers in Frankfurt report, there is not much foreign demand for mark-denominated paper. But that could change, analysts at Nomura Securities say.

Their view, shared by Giles Keating at Credit Suisse First Boston, is that steady but slow U.S. progress in cutting the trade deficit will require renewed dollar weakness to keep up the momentum of improvement.

Meanwhile, German investors and others on the Continent remain transfixed by high coupon paper. The currency of the month is the pound, which many analysts believe is poised to gain further against the mark, to 3.20 DM from the current range of 2.90-3.00 DM.

Telefónica Wins Contract

Will Renovate Argentine Phones

Reuters

MADRID — Spain's telephone company, Telefónica, has agreed to take over the management of Argentina's telecommunications company and invest hundreds of millions of dollars in upgrading the country's ailing telephone system.

Telefónica won the contract against competition from a consortium led by the West German electronics company Siemens AG.

Luis Solana, chairman of Compañía Telefónica Nacional de España, said an agreement would be signed on Thursday.

The agreement was a breakthrough for Telefónica, in which the Spanish state has a minority stake, in its quest for an international role, Mr. Solana said.

Telefónica failed last December in a joint bid with a French-owned company, Comunicaciones Chile, to acquire a controlling stake in Chile's state telephone company.

In the Argentine venture, a consortium led by Telefónica would acquire up to 40 percent of a new venture that would take over the assets of Argentina's state telephone company, Entel.

The balance would be held by the Argentine government, local investors and employees.

Mr. Solana said the consortium would invest \$750 million "give or take 20 percent" over three to five years to renovate the phone system.

As a condition of the agreement, the Argentine government has agreed to write off Entel's debts, Mr. Solana said.

The World Bank will nominate consultants to evaluate Entel's assets, while Citibank will draw up a financial package, he said.

The agreement was another step in Argentina's program of privatizing unprofitable state companies, Telefónica officials said.



Frank A. Lorenzo, chairman of Texas Air, is in hot water with his unions, the courts and Congress over his strategy for reducing costs at Eastern Air Lines, a Texas Air subsidiary.

Has Frank Lorenzo Met His Match?

By Martha M. Hamilton and Frank Swoboda

Washington Post Service

WASHINGTON — For the first time in his career at the forefront of U.S. airline deregulation, Frank A. Lorenzo may be in more trouble than he can handle.

Last week, the chairman of Texas Air Corp. found himself in hot water with his unions, the courts and the public over his high-risk strategy for reducing labor costs at Eastern Air Lines. It was so bad that, on Thursday, Mr. Lorenzo and Eastern's president, Phil Bakes, were lobbying in Congress, trying to head off a strongly worded resolution calling for an investigation of Eastern and its parent, Texas Air.

At the same time, Mr. Lorenzo's lawyers were in U.S. District Court trying to fend off a contempt citation. Eastern had been cited for making major corporate changes during contract negotiations with its unions when it tried to sell its air shuttle to another of Texas Air's subsidiaries.

Meanwhile, in another courtroom in the same courthouse, Eastern's lawyers were fighting efforts by the airline's pilots to block the use of strikebreakers in the event of a labor stoppage.

Texas Air officials, faced in by their counter-attack, contended last week that the unions chose "to go to the mimeograph machines and megaphones and polarize the process," as Mr. Bakes put it, rather than trying to reach a negotiable settlement. But union officials appear confident that their legal and public relations campaign against Mr. Lorenzo may be paying off.

"I think it's clear the worm is turning, although I don't think it's turned," a union official said.

Last October, Eastern and the union that represents its mechanics, baggage handlers and ramp workers served notices on each other to begin bargaining on a new agreement. Then on Nov. 10,

Eastern declared an impasse amid preparations for a possible April 1 strike, which the unions insist Mr. Lorenzo is counting on.

On Dec. 31, the airline's contract with the 12,000-member International Association of Machinists ended, although its terms remain in effect.

While planning for a possible strike — preparations that have cost the company as much as \$70 million — Eastern also was making plans to spin off key assets and operations to newly formed subsidiaries. Eastern unions contend that the transfers are a strategy to salvage the valuable parts of Eastern if the strike strategy fails and he sells the airline.

Mr. Bakes denies that the company wants a strike and defends the spin-offs as necessary to Eastern's financial survival. He also said unequivocally that Eastern would not seek bankruptcy protection or try to sell the entire company if the airline fails to win concessions from its unions.

"We've ruled that out. Bankruptcy never has been an option," Mr. Bakes said. He was equally emphatic in declaring: "The airline is not for sale. We want to make this work."

In a document circulated on Capitol Hill by Eastern management on Friday, the company said bankruptcy "defies logic."

Union strategists assume that Mr. Lorenzo, who took Continental Airlines, another subsidiary, into bankruptcy proceedings and forced a change in labor contracts, cannot afford another such move.

The unions sought and obtained from Congress a change in federal bankruptcy laws after the Continental filing that would require the agreement of the bankruptcy court to change labor contracts. Changed federal pension laws would also make Texas Air vulnerable to claims against Eastern's pension funds.

Since Eastern declared an impasse in the talks, a See LORENZO, Page 11

U.S. Moves To Avert a Run On FCA's Thrift

By Nathaniel C. Nash

New York Times Service

WASHINGTON — In an emergency move, the Federal Home Loan Bank Board has announced that it will guarantee against loss all depositors and general creditors of American Savings & Loan Association.

American Savings, based in Stockton, California, is a unit of the beleaguered Financial Corp. of America. The announcement was made Friday after American Savings, the second largest U.S. savings institution with \$3.7 billion in assets, disclosed a significant worsening of its financial condition.

In a filing with the Securities and Exchange Commission on its condition as of the end of 1987, American Savings said it had a \$106 million negative net worth, compared with a previously estimated positive net worth of \$20 million.

Bank board officials said they took the emergency steps to prevent panic among depositors and creditors.

The extraordinary public announcement was the second time in two days that a federal regulatory agency had offered a blanket guarantee to ward off possible runs at major financial institutions.

On Thursday, the Federal Deposit Insurance Corp. announced a \$1 billion interim rescue plan for First Republic Bank Corp. of Dallas. The agency said it would guarantee all deposits and obligations of the 73 subsidiary banks of the holding company, which has \$33.2 billion in assets.

Officials of the Federal Home Loan Bank said the idea of offering the blanket insurance for American Savings came from the FDIC's action a day earlier.

Banking and savings industry experts say there has been an unsuspected regulatory policy since the Continental Illinois Bank & Trust Co. failure in 1984: When a big institution runs into trouble, regulators cannot let it fail, lest the reverberations injure the entire domestic financial system.

Moreover, in the case of a bank or savings institution, if the government does not guarantee deposits above the normal \$100,000 limit, these deposits would be withdrawn within days after the institution ran into trouble, accelerating its demise.

Financial experts have observed that this policy creates a double standard in the industry. In the past, regulators have permitted depositors with more than \$100,000 to lose their funds in failures of small banks and savings institutions.

The capital position of American Savings has eroded steadily over the past year as loan problems continued to mount and rising interest rates stymied FCA's plan to overcome its problems by buying and selling a portfolio of mortgage-backed securities. The parent company had losses of \$468 million last year, including \$225 million in the fourth quarter.

Japan Insurers Lower Fees on Foreign Cars

Agence France Presse

TOKYO — Japan's insurance companies will lower premiums on imported luxury cars by 30 percent, dismantling a major non-tariff barrier to sales of foreign cars in Japan.

The companies said Saturday that they would base their charges from July 1 on the cost of the vehicle instead of its engine size and origin, which means that imported cars and less expensive Japanese models will be cheaper to insure. At the same time, Japanese cars costing more than 5 million yen (\$39,400) will be at least 50 percent more expensive to insure.

Total income will not change under the new tariffs, the insurers said.

Japan's Ministry of Finance has been pressing insurance companies to change their premium system to meet European Community demands for reform of what it said was a discriminatory practice.

In Debt Crisis, Creditors Become More Forgiving

By Hobart Rowen

Washington Post Service

WASHINGTON — Until recently, debt forgiveness for troubled Third World nations was a "taboo subject." If you were to speak of it in official circles, it could only be couched in terms of such limited and familiar remedies as loan renegotiation, reconstruction, rollovers, stretch-outs, even shaving of interest rate spreads.

But wiping out the actual principal, or forgiving the interest payments, was a no-no, proposed only by academics and a few politicians such as Senator Bill Bradley, a Democrat of New Jersey.

Now, all that has changed. Because most of the less developed countries are mired in low growth, it is increasingly difficult for them to service debts that have piled up through excessive borrowing in the late 1960s and 1970s.

Total outstanding debt as reported to the World Bank zoomed from \$357 billion in 1982 to \$931 billion at the end of 1987, more than half of it concentrated in 17 major debtor countries.

Faced with this overwhelming debt, at least 10 debtor nations have stopped paying interest to commercial banks over the past half-decade.

In 1987, Bolivia was allowed to pay back its bank debt at 10 cents on the dollar. Two regional banks, Bank of Boston and Riggs National Bank of Washington, wrote off some of their loans as uncollectible. Other banks scrambled to provide greater reserves against potential losses.

Outright debt relief gained its biggest backing when the United States endorsed a plan by Mexico and Morgan Guaranty to swap some of Mexico's bank loans, at a discount, for long-term bonds backed by U.S. Treasury securities.

The Mexican plan did not succeed as well as hoped, largely because the banks had no assurance that the new bonds, prior to maturing, might not suffer the same discounted fate as old Mexican debt.

In the end, Mexico obtained a reduction of only about \$1 billion in its debt, against the \$10 billion that had been hoped for. Nonetheless, the Mexican agreement holds great significance.

John Williamson, a senior economist at the Institute for International Economics in Washington, said that a precedent had been established for debt relief, "and the questions are how and under what circumstances debt relief should be legitimized," he said.

Neither commercial bankers nor the World Bank and International Monetary Fund endorse the sweeping kinds of debt relief proposed by Senator Bradley, or any of the major "debt exchanging facility"

U.S. Opposes IADB Funding

Reuters

CARACAS — The Reagan administration made clear on Sunday that it would oppose new funding for the Inter-American Development Bank until the agency agrees to changes in its lending procedures.

A statement by W. Allen Wallis, the U.S. undersecretary of state for economic affairs, put an end to hopes that the two-year funding dispute between the United States and Latin American debtor countries would be resolved quickly.

"We will not change our position this year, next year or the year after," Mr. Wallis said as he arrived in Caracas for the bank's annual meeting, which began Monday.

"It is not just the Treasury, the State Department, the White House," he said. "It is See IADB, Page 9

schemes, such as a proposal by American Express Co. chairman, James D. Robinson 3d, that would call for huge cash infusions from rich nations.

Yet, a trend is in the making away from the present strategy built around the so-called Baker Plan, which contemplates no debt relief, but expanded lending coupled with economic reforms among the recipient nations.

On Capitol Hill, and within the IMF and World Bank, the search is on for a plan that would cut the debt service burden of the Third World without causing the banks to swallow an enormous loss, and without requiring Congress and other legislative bodies to cough up huge amounts of new capital.

There is general agreement that, in solving the debt crisis, the first step is to stimulate economic growth in the debtor countries.

By 1985, the U.S. Treasury secretary, James A. Baker 3d, recognized that to meet stern IMF loan conditions, the borrowing countries were so sharply curbing investment and consumption that economic growth was in effect aborted.

But Mr. Baker's plan has not lived up to its promise of prompting major reshaping of troubled economies.

"Instead of growing at 4 to 5 percent per year," said Moeen A. Qureshi, a senior vice president of the World Bank, "which was the

See DEBT, Page 9

See EUROBONDS, Page 9

Currency Rates

Table with columns: Cross Rates, Currency, and various rate values for major currencies.

Closures in London, Tokyo and Zurich. Rates in other centers. New York closing rates. a: Continental franc; b: To buy one dollar; c: To buy one dollar; *: Units of 100; N.A.: Not available.

Table with columns: Other Dollar Values, Currency, and Per \$ values.

Table with columns: Forward Rates, Currency, and various rate values.

Table with columns: Stock Indexes, Date, and Index values.

Table with columns: Money Rates, Date, and Rate values.

Table with columns: Stock Indexes, Date, and Index values for various markets.

World Index From Morgan Stanley Capital Int'l.

Advertisement for Marks and Spencer Finance p.l.c. featuring a large figure (£150,000,000) and various financial services and interest rates.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30

Prices may vary according to market conditions and other factors.

March 17

Dollar Straights

Table listing bond prices for Dollar Straights, including issuers like Australia, Canada, and various international entities.

Japan

Table listing bond prices for Japan, including issuers like All Nippon Air, Dai Nippon Bank, etc.

United Kingdom

Table listing bond prices for United Kingdom, including issuers like World Bank, British Finance, etc.

United States

Table listing bond prices for United States, including issuers like AT & T, Amergen, etc.

Supranational

Table listing bond prices for Supranational, including issuers like Council of Europe, World Bank, etc.

Non-European

Table listing bond prices for Non-European, including issuers like Air Canada, Alfa Romeo, etc.

Western Europe (Other)

Table listing bond prices for Western Europe (Other), including issuers like Austria, Belgium, etc.

Yen Straights

Table listing bond prices for Yen Straights, including issuers like A I D C, BNP, etc.

Mutual Funds

Table listing mutual fund prices and performance metrics, including categories like New York, AIA, etc.

DM Straights

Table listing bond prices for DM Straights, including issuers like Amro Bank, Afling, etc.

DM Zero Coupons

Table listing bond prices for DM Zero Coupons, including issuers like Amro Bank, Afling, etc.

ECU Straights

Table listing bond prices for ECU Straights, including issuers like Amro Bank, Afling, etc.

Treasury Bonds

Table listing Treasury bond prices and yields, including maturity dates and yields.

NYSE Most Actives

Table listing NYSE Most Active stocks, including ticker symbols, prices, and volume.

AMEX Most Actives

Table listing AMEX Most Active stocks, including ticker symbols, prices, and volume.

NYSE Sales

Table listing NYSE sales data, including total sales and volume.

AMEX Sales

Table listing AMEX sales data, including total sales and volume.

WestLB logo and text: One of the leading Marketmakers WestLB Westdeutsche Landesbank

Fixed Income and Equities Trading - for dealing prices call: Düsseldorf, London, Luxembourg, Hong Kong

New International Bond Issues

Compiled by Aimée Potter Hardoux

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes sections for TRADING RATE NOTES, COUPON, and various international bond issuers like Dello Stato, Nationale, etc.

Europeans Criticize U.S. Farm Plan

Compiled by Our Staff From Dispatches

CONSTANCE, West Germany — European officials assailed U.S. demands for elimination of agricultural subsidies as unrealistic on Sunday, at the end of a meeting of trade ministers from 30 nations.

The countries, all members of the General Agreement on Tariffs and Trade, were holding informal talks, trying to remove some obstacles to a general multilateral agreement on world trade liberalization.

Willy De Clercq, the EC's external relations commissioner, said at the end of the talks, which began Friday, "There has been no movement on agriculture. Everybody has just repeated his position."

He said the EC was "ready to adapt the Common Agricultural Policy, but not to ruin or spoil it."

The ministerial conference of the 96 GATT members will be held in Montreal, starting Dec. 5.

(Reuters, AFP)

IADB: U.S. Stands Firm

(Continued from first finance page)

the entire administration that is absolutely firm in the position that the country is taking.

The Latin American countries had hoped that agreement for a \$23 billion refunding of the bank could be completed soon, allowing it to take a greater role in regional development.

The bank should earmark some funds for economic reform, rather than have it all go to development, such as roads, sewers and dams.

The bank, a major multinational lender that is controlled by the client countries, is the biggest lender of its kind to some of the smaller Latin countries.

But the United States has sought procedures that would give it more say over who receives loans and under what conditions.

The Reagan administration wants debtors to adopt more market-oriented policies.

However, top U.S. officials have appeared to hold out an olive branch, saying they favored giving the bank's president-elect, Enrique Iglesias, Uruguay's finance minister, a chance to discuss divisive issues with the Latin countries and then arrange new funding talks.

Mr. Iglesias, who takes office formally on April 1, is a mediator of long experience.

On his arrival on Saturday for the meeting, attended by economic leaders from Latin America, Asia, the United States and Europe, Mr. Iglesias said: "I think this meeting in Caracas should pave the way for a new institution that unites us all."

He said, "We are very aware that this is a difficult moment but we are hopeful because we think all members of the bank want the same thing: a vigorous, active and efficient institution."

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Chafing Under WPP Yoke, 6 Resign From Lord, Geller

By Philip H. Dougherty

New York Times Service

NEW YORK — Angered by their loss of autonomy, six top executives have left the Lord, Geller, Federico, Einstein advertising agency, a subsidiary of WPP Group, to set up their own shop.

The departure on Friday was led by Richard J. Lord, the chief executive, who is now chairman and chief executive of Lord, Einstein, O'Neill & Partners. He was joined by Arthur W. Einstein Jr., president of Lord, Geller; Kevin B. O'Neill, executive vice president and creative director; Edward D. Yaonetti, vice chairman; C. Ray Freeman, executive vice president; general manager, and Lewis E. Eichenholz, senior vice president, chief financial officer.

Young & Rubicam invested in the new agency and is, in effect, a seventh partner, Mr. Lord said.

Lord, Geller had been part of JWT Group when WPP, a British company, took over JWT last year.

Martin Sorrell, WPP's chairman, then forced Lord, Geller to withdraw from the competition for the \$100 million account of the new Saturn car from General Motors Corp., because J. Walter Thompson is a major Ford Motor Co. agency. In another move said to have rankled WPP was reportedly interested last summer in setting up a second European network under the Lord, Geller name.

Mr. Lord said that until he was told to drop the Saturn competition, he had run Lord, Geller autonomously, even after J. Walter Thompson Co. bought the agency. Lord, Geller was formed in 1967.

"I didn't like being bought and sold like furniture," Mr. Lord said Friday. "I don't want to work for Martin."

Lord, Geller bills about \$250 million, with about half of that coming from International Business Machines Corp.

More generous relief that the borrowing country would achieve would be through a rescheduling and guarantee of an additional part of existing debt by the IMF.

Thus, if "relief" of 50 percent of a country's loan obligations were agreed upon, 20 percent might be canceled altogether, and an additional 30 percent exchanged by the IMF for its own debt at an agreed price related to, but not necessarily the same as, the secondary market.

Still a third idea for handling debt relief comes from Representative Donald J. Pease, a Democrat of Ohio. Mr. Pease would place the refinancing burden with the IMF rather than the World Bank.

Borrowers would be eligible for write-downs based on estimates by the Treasury secretary on their "underlying economic value," but only after they negotiate agreements with a World Bank-IMF team on economic issues.

Ruling on Federated Is Blow to Campeau Bid

New York Times Service

NEW YORK — In a setback to its effort to acquire Federated Department Stores Inc., Campeau Corp. has lost a court decision that gives R.H. Macy & Co. the upper hand in the takeover battle.

U.S. District Judge Leonard B. Sand ruled Friday that Federated's "poison pill" shareholder rights plan was valid and therefore could be used to oppose Campeau's hostile \$6.18 billion tender offer.

As a result, shares tendered to Campeau could be severely diluted if Federated chose under the rights plan to issue new stock to shareholders at a discount, effectively reducing the value of Campeau's takeover offer.

Federated has endorsed Macy's offer, valued at \$6.3 billion. Both sides have sweetened their original offers.

Separately, executives of Macy, a New York retailer, said Saturday they would sell 11 of Federated's 14 Abraham & Straus stores in New York and New Jersey if Macy succeeds in acquiring Federated.

Macy said the sale would satisfy concerns by the New York State attorney general, Robert Abrams, that a Macy's-Federated combination would violate antitrust laws because Federated owns Macy's leading competitors, A&S and Bloomingdale's.

Executives of Campeau, a Toronto-based developer, would not comment after Friday's court decision.

A spokesman also declined to comment on reports that Campeau was considering a higher offer of \$70 a share for all of Federated's stock. Federated's stock closed up 50 cents at \$66.25 on Friday.

Judge Sands said that Federated's board had acted in accordance with its fiduciary duties "by keeping the auction alive and getting the best price."

"The auction isn't ended," he said, "and Campeau hasn't said that it has made its last bid, so that it could come back with another offer."

DEBT: In Crisis, Creditors Become More Forgiving

(Continued from first finance page)

average rate of growth we had expected was necessary, the countries overall have grown at less than one-half that rate.

Mr. Qureshi said that major governments are not yet ready, short of a crisis, to put their own credit on the line in order to support a globalized plan like Mr. Robinson's.

His conclusion is that the World Bank and other multilateral institutions have to beef up their support. He looks to a new loan level of about \$4 billion from the World Bank, with commercial banks supplying \$8 billion to \$10 billion in new money. That could create the necessary 4 percent to 5 percent growth rate, but only provided there is some relief for the old debt.

At the IMF, the fund's executive director for India, Arjun K. Sengupta, has come up with an even bolder proposal for debt forgiveness, one, he says, that would avoid the need to tap the rich nations for an initial infusion of new capital. In a presentation to the IMF board, Mr. Sengupta suggested that the IMF itself guarantee repayment of a substantial part of existing debt.

By going to a direct negotiation between the banks and the IMF, his plan would avoid a "market-based" discount, which could be too big for banks to tolerate.

A special feature of Mr. Sengupta's plan is to limit the actual write-off that the banks must swallow while increasing the benefit to the borrowing countries.

The difference between the "hit" the bank must absorb, and the

Leveraged Capital Holdings N.V. Curaçao, Netherlands Antilles. Notice of Extraordinary General Meeting of Shareholders. Notice is hereby given that an Extraordinary General Meeting of Shareholders of Leveraged Capital Holdings N.V. has been called by the Manager, Intimis Management Company N.V.

IAM FLAGSHIP FUND. Siège social: 2, boulevard Royal LUXEMBOURG. R.C. Luxembourg B-24759. Messieurs les actionnaires sont priés d'assister à l'ASSEMBLÉE GÉNÉRALE ORDINAIRE qui se tiendra le 6 avril 1988 à 10.00 heures, en l'hôtel de la Banque Internationale à Luxembourg S.A., 2, boulevard Royal, Luxembourg, pour délibérer sur le suivant:

- ARCO
BLACK & DECKER
BRITISH PETROLEUM
CLEVELAND BRIDGE
HALLIBURTON
TOYO MENKA
McDERMOTT
SCHLUMBERGER
SHELL
UNION CARBIDE
YORK INTERNATIONAL

What do these international companies know about Dubai that you don't? They know that Dubai's Jebel Ali Free Zone has introduced exciting trade freedoms and benefits, enabling companies to set up trading and industrial bases easier in the Middle East. Just look at these benefits—unique to Jebel Ali. 100% foreign ownership. Unlimited transfer of profit and capital. No corporate taxes for a minimum of 15 years. No personal income taxes. No import duties/export taxes. Unlimited cheap energy. They also know that with superb facilities including an extensive infrastructure, state-of-the-art communications, accommodation, hotels, hospitals, security and every modern amenity, Jebel Ali is a unique opportunity for Middle and Far Eastern markets.

Euromarts At a Glance. Eurobond Yields. Weekly Sales. Libor Rates. Indigo Takeoff. Picture 50,000 sqm of farmland, bought for a song and turned into a computer-integrated retailing facility by an elite team of developers.

EUROBONDS: Banks Dominate Fixed-Rate Issues

Continued from first finance page) and 3.10. In addition, possible rate cuts in short-term British could lead to further gains in prices.

So popular are the Canadian notes, which has gained modestly against the U.S. currency with interest rates about 1 percentage point above U.S. levels, and the Australian dollar, where coupons of 12 1/2 percent continue to lure investors.

The only exception was Kodak, thanks to the magic of its name and the short two-year maturity.

The U.S. dollar sector might have been expected to gain from news that January's \$12.44 billion trade deficit was not as big as some analysts had feared.

But the sector is stymied by other worries: that the dollar is unlikely to rise above its current levels of 1.70 DM and 128 yen and more likely will fall as U.S. inflation picks up; and that U.S. interest rates have no room to fall and more likely will rise both because of inflation fears and the fact that there is no apparent slowdown in economic growth.

Only one dollar issue surfaced last week, \$500 million for Ferrovie dello Stato, the Italian state railway. Terms on the five-year issue were deemed fair, about 65 basis points over Treasury yields, but there was no rush to buy the paper.

loan will bear interest at 30 basis points over the interbank rate and carry a commitment fee on unused amounts of 10 basis points.

S.G. Warburg, which is arranging the investors credit, is also to arrange a £200 million loan for Mortgage Asset Euro-Securities PLC, a unit of Canadian Imperial Bank of Commerce. This is a so-called "evergreen," with lenders asked each year to extend the nominally dated five-year loan for an additional year.

Interest will be set at 1/2 point, or 50 basis points, over the interbank rate with the borrower bearing in addition the lenders' reserve asset costs. The commitment fee is 3/16 point and front-end fees range up to 15 basis points.

Wellcome PLC, carrying the guarantee of Wellcome Foundation, is in the market for a £300 million, seven-year multi-option facility of which £200 million is up for underwriting. The annual facility fee is 6 1/4 basis points. The borrowing charge, exclusive of reserve asset costs, is 12 1/2 basis points over the interbank rate. If more than half the amount is drawn there is a utilization fee of 2 1/2 basis points. Front-end fees range up to 10 basis points.

Laura Ashley, which started out looking for a £75 million facility with £50 million underwritten, has used the latter portion also to £75 million. It is paying a facility fee of 7 1/2 basis points, a drawing charge of 12 1/2 basis points and utilization fees of 2 1/2 basis points for using more than one-third the amount and a fee of 5 basis points if more than two-thirds is drawn.

Pricing Reflects Cruel Competition

By Carl Gewirtz

International Herald Tribune

PARIS — Whether talking to syndicated bank credits or issues, bankers have a complaint these days: Credit is not adequately reflected in pricing of new offerings.

"We're witnessing a compression of rates over a broad range of maturities," said an executive at Citibank.

The collapse in credit differentiation, said an official at J.P. Morgan, "shows that the market is becoming more competitive because it's overly competitive."

Bankers agree with the view expressed by a Citibank executive that this is "a most unsatisfactory situation," but complain that so many competitors are prepared to do business for "virtually nothing" that there is no immediate end in sight.

The problem is that there are many banks trying to do the same business, too many banks competing to do the same business, too many banks competing to do the same business, too many banks competing to do the same business.

Another long loan, for 10 years, was sought by Investors in Industry, which is owned by the leading British clearing banks as well as the Bank of England. The £100 million

NASDAQ National Market

OTC Consolidated trading for week ended Friday, March 18

Symbol	Selling					Buying				
	100s	High	Low	Close	Chg	100s	High	Low	Close	Chg
AAWB	80	134	132	132	0	130	133	131	131	-2
AAW	80	64	64	64	0	64	64	64	64	0
AB	30	22	22	22	0	22	22	22	22	0
ABC	30	22	22	22	0	22	22	22	22	0
ABO	30	22	22	22	0	22	22	22	22	0
ABT	30	22	22	22	0	22	22	22	22	0
ABW	30	22	22	22	0	22	22	22	22	0
ABX	30	22	22	22	0	22	22	22	22	0
ABY	30	22	22	22	0	22	22	22	22	0
ABZ	30	22	22	22	0	22	22	22	22	0
AC	30	22	22	22	0	22	22	22	22	0
ACA	30	22	22	22	0	22	22	22	22	0
ACB	30	22	22	22	0	22	22	22	22	0
ACC	30	22	22	22	0	22	22	22	22	0
ACD	30	22	22	22	0	22	22	22	22	0
ACE	30	22	22	22	0	22	22	22	22	0
ACF	30	22	22	22	0	22	22	22	22	0
ACG	30	22	22	22	0	22	22	22	22	0
ACH	30	22	22	22	0	22	22	22	22	0
ACI	30	22	22	22	0	22	22	22	22	0
ACJ	30	22	22	22	0	22	22	22	22	0
ACK	30	22	22	22	0	22	22	22	22	0
ACL	30	22	22	22	0	22	22	22	22	0
ACM	30	22	22	22	0	22	22	22	22	0
ACN	30	22	22	22	0	22	22	22	22	0
ACO	30	22	22	22	0	22	22	22	22	0
ACP	30	22	22	22	0	22	22	22	22	0
ACQ	30	22	22	22	0	22	22	22	22	0
ACR	30	22	22	22	0	22	22	22	22	0
ACS	30	22	22	22	0	22	22	22	22	0
ACT	30	22	22	22	0	22	22	22	22	0
ACU	30	22	22	22	0	22	22	22	22	0
ACV	30	22	22	22	0	22	22	22	22	0
ACW	30	22	22	22	0	22	22	22	22	0
ACX	30	22	22	22	0	22	22	22	22	0
ACY	30	22	22	22	0	22	22	22	22	0
ACZ	30	22	22	22	0	22	22	22	22	0
AD	30	22	22	22	0	22	22	22	22	0
ADA	30	22	22	22	0	22	22	22	22	0
ADB	30	22	22	22	0	22	22	22	22	0
ADC	30	22	22	22	0	22	22	22	22	0
ADE	30	22	22	22	0	22	22	22	22	0
ADF	30	22	22	22	0	22	22	22	22	0
ADG	30	22	22	22	0	22	22	22	22	0
ADH	30	22	22	22	0	22	22	22	22	0
ADI	30	22	22	22	0	22	22	22	22	0
ADJ	30	22	22	22	0	22	22	22	22	0
ADK	30	22	22	22	0	22	22	22	22	0
ADL	30	22	22	22	0	22	22	22	22	0
ADM	30	22	22	22	0	22	22	22	22	0
ADN	30	22	22	22	0	22	22	22	22	0
ADO	30	22	22	22	0	22	22	22	22	0
ADP	30	22	22	22	0	22	22	22	22	0
ADQ	30	22	22	22	0	22	22	22	22	0
ADR	30	22	22	22	0	22	22	22	22	0
ADS	30	22	22	22	0	22	22	22	22	0
ADT	30	22	22	22	0	22	22	22	22	0
ADU	30	22	22	22	0	22	22	22	22	0
ADV	30	22	22	22	0	22	22	22	22	0
ADW	30	22	22	22	0	22	22	22	22	0
ADX	30	22	22	22	0	22	22	22	22	0
ADY	30	22	22	22	0	22	22	22	22	0
ADZ	30	22	22	22	0	22	22	22	22	0
AE	30	22	22	22	0	22	22	22	22	0
AEA	30	22	22	22	0	22	22	22	22	0
AEB	30	22	22	22	0	22	22	22	22	0
AEC	30	22	22	22	0	22	22	22	22	0
AED	30	22	22	22	0	22	22	22	22	0
AEE	30	22	22	22	0	22	22	22	22	0
AEF	30	22	22	22	0	22	22	22	22	0
AEG	30	22	22	22	0	22	22	22	22	0
AEH	30	22	22	22	0	22	22	22	22	0
AEI	30	22	22	22	0	22	22	22	22	0
AEJ	30	22	22	22	0	22	22	22	22	0
AEK	30	22	22	22	0	22	22	22	22	0
AEL	30	22	22	22	0	22	22	22	22	0
AEM	30	22	22	22	0	22	22	22	22	0
AEN	30	22	22	22	0	22	22	22	22	0
AEO	30	22	22	22	0	22	22	22	22	0
AEP	30	22	22	22	0	22	22	22	22	0
AEQ	30	22	22	22	0	22	22	22	22	0
AER	30	22	22	22	0	22	22	22	22	0
AES	30	22	22	22	0	22	22	22	22	0
AET	30	22	22	22	0	22	22	22	22	0
AEU	30	22	22	22	0	22	22	22	22	0
AEV	30	22	22	22	0	22	22	22	22	0
AEW	30	22	22	22	0	22	22	22	22	0
AEX	30	22	22	22	0	22	22	22	22	0
AEY	30	22	22	22	0	22	22	22	22	0
AEZ	30	22	22	22	0	22	22	22	22	0

Exchange

Exchange

(Continued on next page)

LORENZO: Texas Air Chairman Is Meeting Resistance From All Sides

(Continued from first finance page) Federal mediator has been meeting with the two sides to try to reach a settlement, a step required by the Railway Labor Act, which governs both the rail and airline industries. As long as the mediator is involved, neither side can take action, such as a strike or a lockout.

ing and at other actions that limit Mr. Lorenzo's alternatives. The unions have also started a campaign to convince Merrill Lynch to stop trying to raise money for Texas Air. "We're taking on Merrill Lynch," a union official said. "We hope to convince them to stop dealing with Lorenzo." He noted that unions controlled hundreds of millions of dollars in employee pension funds.

Management and labor are working at cross-purposes, but I think more and more the unions have been able to awaken some sympathy in Congress and elsewhere," Mr. Marckesano said. He added that Eastern's overall labor costs were not out of line in the industry. As part of their strategy, the unions have moved to block transfers of assets and employees. On March 11 a federal judge held Eastern in contempt for violating an order barring major changes in pay or working conditions. The injunction was issued in July when the machinists' union blocked an effort by Eastern to spin off its ramp services to a new, nonunion subsidiary called Airport Ground Services Inc.

Mr. Bakes called the ruling "incorrect" and "extremely restrictive and dangerous." Last year Eastern had losses of \$182 million. Although the unions contend that the loss was attributable to arrangements that stripped Eastern and helped Texas Air, Eastern has a long history of financial troubles predating the takeover by Mr. Lorenzo. The recent strife has also resulted in traffic losses. One of Eastern's biggest immediate concerns, according to Mr. Bakes, is a nonbinding congressional resolution that appears to be gathering steam in the House. The resolution is sponsored by Representative Norman Y. Mineta, a California Democrat and chairman of the House subcommittee on aviation.

Mr. Bakes called the resolution "an absolutely uncalled for intrusion" and said he and Mr. Lorenzo had met with congressional leaders.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns: Symbol, High, Low, Close, Net, and various market data for NASDAQ National Market.

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American Exchange Options

Figures as of close of trading Friday, March 18

Table with columns: Option & price, Calls, Puts, and various market data for American Exchange Options.

Chicago Exchange Options

Figures as of close of trading Friday, March 18

Table with columns: Option & price, Calls, Puts, and various market data for Chicago Exchange Options.

Table with columns: Option & price, Calls, Puts, and various market data for American Exchange Options.

Table with columns: Option & price, Calls, Puts, and various market data for Chicago Exchange Options.

Advertisement for Toyo Trust featuring the text 'MULTIPLY YOUR FINANCING CHOICES.' and 'Talk to Toyo Trust.' with an image of a calculator and a brief description of the bank's services.

SPORTS

France, Wales Are Rugby Co-Champions

Bob Donahue

International Herald Tribune

CARDIFF, Wales — A Frenchman twisted across for a try, carrying among bunched Welsh defenders like a pinball. The fervent Arms Park crowd, more of a male choir than ever on this damp but hope-filled Saturday, fell silent then. The grand slam was not to be. By winning in the rain and mud, 10-9, France finished this year's Five Nations rugby tournament even with Wales at three victories and a loss. The teams share first place.

England's tournament tally of 56 points for and 30 against gave it an aggregate margin of plus 26, compared to plus 15 for Wales (57-42) and plus 10 for France (57-47). English forwards were dominant in all or most of each of their four matches. Now that backs are finally scoring, the squad can set out in May for a tour of Australia with more confidence than had seemed likely.

It was a memorable match all the same — for the stakes, the effort and the suspense. During 55 of the regulation 80 minutes the score was even. France led for five minutes in the first quarter and for all of the last quarter. Near the end, Wales was back within one point and anything could still happen.

minute after the first of Jean-Baptiste Lafond's two, Robert Norst's pack was on top in the furious and surprising French with its aggressiveness and skill in the scrum. Loose forwards Richie Collins, Paul Moriarty and Kowland Phillips were all over the field like a rash, as New Zealand might put it.

SIDELINES

Alpiger Wins, Zurbriggen Clinches DH Title

ARE, Sweden (AP) — Karl Alpiger won the men's downhill season finale on Sunday as Pirmin Zurbriggen, his Swiss teammate, clinched his second straight World Cup downhill title.

NFL's Redskins Sign Marshall, a Free Agent

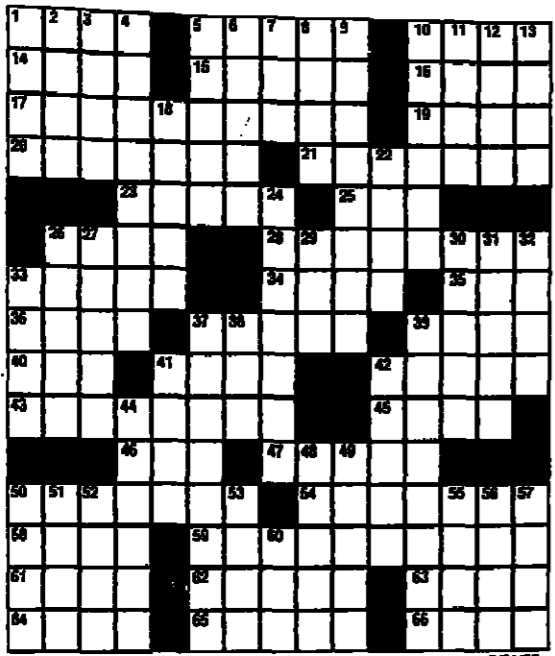
CHICAGO (AP) — Linebacker Wilber Marshall became the first major National Football League player to change teams as a free agent when the Chicago Bears let him go to the Washington Redskins by refusing to match Washington's five-year, \$6 million offer by the Friday-midnight deadline.

Azinger Golf Leader

ORLANDO, Florida (AP) — Paul Azinger struggled to a 73 on a windy course Saturday and saw his lead shrink to one shot over Tom Kite after the third round of the Bay Hill Golf Classic golf tournament.

Solution to Friday's Puzzle

DIES SWEAT ECOL BEARD RIVIER GONES TOLERATE SATIRE NICE MODES MORAL DAE ADWIT CABLE MARK TIE CRABLE STONE SNIP ILLA ETON DAMEO VELDIT AGE LARGE HEROD SPAR SPACER STARTERS IAGO SADALMELIK LAUD ORATE SEMI TREE NAKED TEEN



- ACROSS 1 Creator of Li'l Abner 5 Home or bed follower 10 Bandcoots 14 Mountain range in the U.S.S.R. 15 Thanks, to Dumas 16 Author James 17 Sacks 18 Distance measure 20 Bird dogs 21 Groups of fish 22 Express 25 Presidential nickname 26 Dreadful 28 Worked 33 Fall beverage 34 Harold of comics 35 U.N. arm 36 Linden and Holbrook 37 Factory 38 Cessation 40 Suffix with elephant 41 Part of Q.E.D. 42 Scenic view 43 Milton's "Lost" 45 Composer of "Comus" 46 Border 47 Triangle at a river mouth 50 Athenian's rival 54 Carl, Rob and Fritz 58 Nat or Natalie 59 Like some rainfalls 61 Vipers 62 Pierce 63 Wreath on a knight's helmet 64 Take five 65 Pits 66 Require

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DENNIS THE MENACE



"THIS IS MY LUCKY DAY, MOM! I GOT TO RIDE IN A TOW TRUCK!"

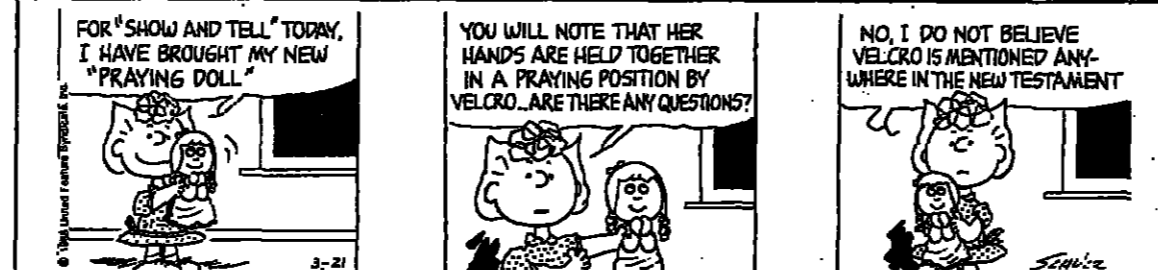
JUMBLE

Word game section with scrambled letters and a picture of a cat and a dog. Includes the answer: HE WAS "OOO" (Answers tomorrow).

WEATHER

Table with weather forecasts for Europe, Asia, Latin America, North America, Middle East, and Oceania. Columns include location, high, low, and other weather indicators.

PEANUTS



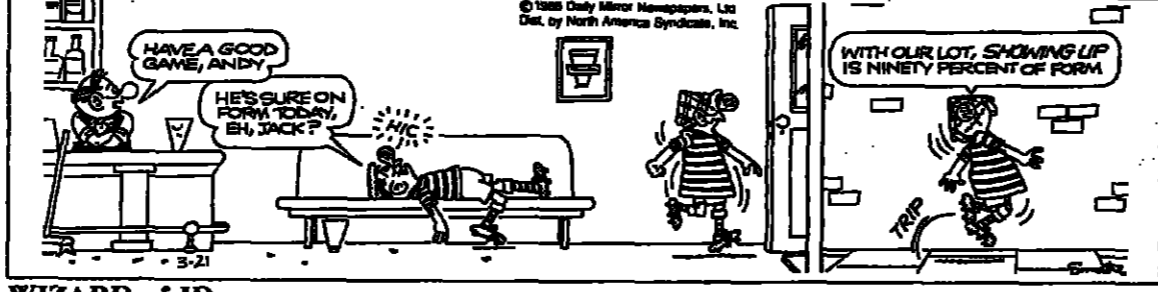
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BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



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GARFIELD



WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam The Amsterdam stock exchange last week was buoyant as analysts said.

Frankfurt Stock prices rose for the week, as the Commerzbank index closed at 1,837.5, up 65.4 from the previous Friday.

Hong Kong The Hong Kong exchange finished the week at its highest level since the October collapse.

London It was a week of consolidation for the London Stock Exchange in active trading.

Milan Milan stocks had another good week in active trading, with a record daily volume of almost 400 billion lire on Friday.

De Benedetti Is Amassing Cash MILAN — The Italian entrepreneur Carlo De Benedetti has filled his coffers to finance his drive for control of Societe Generale de Belgique by selling his food businesses to Nestle SA of Switzerland, analysts say.

Tokyo Share prices soared in heavy trading on Friday for the first time since October's market collapse, but fell back later in the day.

Zurich Prices overcame an initial hesitant mood to rise moderately for the week.

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SPORTS

Temple, Streak at 17, Stifles Georgetown

HARTFORD, Connecticut — Top-ranked Temple, led by Mark Mason and Mike Vresnyk, outscored Georgetown...

ens said there were demeaning remarks from Syracuse players during the game. "They were talking most about playing some weak Atlantic 10 team," Owens said.

16:39 remaining. SMU, led by Todd Alexander with 17 points, ended its season at 28-7.

Saturday, Glen Rice had 39 points, one short of his career high, as Michigan ran up a lead of as many as 27 points in an easy victory.

Todd Mitchell scored all but one of his 15 points in the second half, and No. 3 Purdue came alive to beat Memphis State on Saturday...



Amid a pack of Loyola defenders, Rick Fox scooped in a rebound Saturday in Salt Lake City. Winning by 123-97, North Carolina set NCAA tournament records for points scored and for field-goal accuracy on 79 percent shooting (49-for-62). It also ended Loyola's winning streak, the nation's longest, at 25.

Murray State Jolts NCS, 78-75

LINCOLN, Nebraska — Jeff Martin scored 23 points Friday night and Don Mann had 16, including two free throws in the final 19 seconds, as Murray State, 22-8, upset 14th-ranked North Carolina State, 78-75, to advance to the second round of the Midwest Regional of the NCAA basketball tournament.

Before the regional competition, Coach Jim Valvano of North Carolina State said the first game of the post-season tournament is "by far" the most difficult to win.

Kentucky 99, Southern 84: Ed Davender scored 30 points and Rex Chapman had 23 to lead No. 6 Kentucky over Southern.

In the other regional contest, unheralded Richmond continued to roll, as Peter Woolfolk scored 27 points and the Spiders stopped Georgia Tech's running game.

Georgia Tech pulled within 57-55 when Dennis Scott, a freshman, made his third three-pointer of the second half. But Benjy Taylor of Richmond made two free throws with 11 seconds left.

WEST REGIONAL At Los Angeles Seton Hall 80, UTEP 64: Mark Bryant had 30 points and 12 rebounds as Seton Hall won the first NCAA tournament game it has ever played.

WEST REGIONAL At Los Angeles Seton Hall 80, UTEP 64: Mark Bryant had 30 points and 12 rebounds as Seton Hall won the first NCAA tournament game it has ever played.

So, Mississippi Opens Defense With Victory

HATTIESBURG, Mississippi — Derek Hamilton scored 18 points and Randolph Keys provided a second-half spark Friday night as Southern Mississippi opened the defense of its National Invitation Tournament championship by defeating Clemson, 74-69, in a first-round game.

people we can still play ball," said Keys, who scored nine points in the second half. "We knew if we lost, that was it for the four seniors."

10-0 run included two free throws and a basket by Hamilton. John White and Keys added 13 points apiece for the winners: Campbell led Clemson with 16.

SCOREBOARD

Basketball

Table listing NCAA Tournament Results and Schedule, including games like Temple 87, Lehigh 73 and Kentucky 99, Southern 84.

European Soccer

Table listing European Soccer results, including matches like Arsenal 1, Newcastle 1 and Bayern Munich 3, Borussia Dortmund 0.

Hockey

NHL Standings

Table listing NHL Standings for various teams like Washington, Philadelphia, NY Islanders, etc.

World Cup Skiing

WORLD CUP SKIING

Table listing World Cup Skiing results for various events like Men's Slalom, Women's Slalom, etc.

Transition

BASEBALL

Table listing baseball news and transactions, including mentions of Boston, Seattle, and other teams.

Most of the Unknowns Still Just That

By John Feinstein Washington Post Service SOUTH BEND, Indiana — Most of the unknowns are gone.

lowed by Illinois (23-9) against Villanova (22-12). The Wildcats beat Illinois early in the season in Hawaii, but the Illini, noted in the tournament for postseason failures, have played well the last three weeks.

The senior center may have been the most dominant player in the Big East during the last month of the season and started the tournament with 30 points and 12 rebounds against Texas A&M.

Richmond (25-6), which stunned defending national champion Indiana on Friday, was trying for a second upset against a team it has beaten once this season, Georgia Tech (22-9).

"We've seen them play a lot on television and we know they're good," said Arizona guard Steve Kerr. "We know they'll play a lot more physically than most of the teams out here in the West do."

The other game in the West matched Nevada-Las Vegas (26-4) and Iowa (22-9). Neither of these teams has played well recently, struggling to the finish of the regular season and lucky to survive first-round games against Southwest Missouri State and Florida State, respectively.

The victory put the Racers up against Kansas (22-11), a surprisingly easy winner on Friday against a Xavier team that many thought had a chance to be a factor this year after knocking off Missouri a year ago with a junior-dominated squad.

The advantage here should lie with the Hawkeyes because of depth and revenge. Last year, they were 20 minutes from the Final Four with a 20-point lead against UNLV in the West Regional final and couldn't hang on.

By the end of the day's play in Los Angeles, only 16 teams would be left. As always, at least a couple of them will be surprising, but in the opening round only three of the top 16 seeds (N.C. State, Indiana and Syracuse) lost. Last year, only eight of the 16 seeded teams reached the round of 16.

National Basketball Association Standings

Table listing National Basketball Association Standings for Eastern Conference, Western Conference, and Pacific Division.

Presession Baseball

Table listing Presession Baseball results for various teams like Kansas City, Philadelphia, Houston, etc.

EUROPEAN CHAMPIONSHIP

Advertisement for SEIKO Official Timer, featuring a logo and text about the European Championship.

The Weenie Brigade

By William Safire
WASHINGTON — "You ever heard of the pol-mil weenie?" asked Susm F. Kazky, a colleague at The New York Times. "Hot new location at the Puzzle Palace and the Fudge Factory."

Roman Polanski: Coming Up Roses On Stage, Screen

International Herald Tribune
PARIS — "My sore throats are worse than anyone's," Jane Austen wrote in "Persuasion," expressing a truth about how we view our own ailments.



Polanski during filming of "Frantic": "The more fantastic is your story the more specific you have to be with detail."

Kafka in a neglected library in Krakow. It was during the Stalin period and such books were not supposed to be read. "I was so amazed that such writing could exist when they were feeding you with social realism and boring you to death."

but those reviews were only about how much money they spent. One would think it was the reviewers' money they used. "One praising view of 'Frantic' suggests that in it Polanski is trying to send out the message 'that he's not a monster... he's on his best behavior, you can sense him trying to be a good boy.'"

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PARIS AREA FURNISHED
14th RUE DE CAULHOUX, 28

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PARIS AREA FURNISHED
17th VILLIERS, balcony on garden

REAL ESTATE TO RENT/SHARE
PARIS AREA FURNISHED
16th RUE DE CAULHOUX, 28

REAL ESTATE TO RENT/SHARE
PARIS AREA FURNISHED
16th RUE DE CAULHOUX, 28

REAL ESTATE TO RENT/SHARE
PARIS AREA FURNISHED
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16th RUE DE CAULHOUX, 28

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PARIS AREA FURNISHED
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